



The iQ Group Global Ltd

ACN 149 731 644

Appendix 3 and Interim Financial Report

For the half-year ended 31 December 2019

The IQ Group Global Ltd
ACN 149 731 644
APPENDIX 3

Reporting Period: Six months ended 31 December 2019
Previous Corresponding Period: Six months ended 31 December 2018

Results for announcement to the market

	31 December 2019	Percentage change	Amount change
Revenue and net profit			
Revenue from ordinary activities	7,151,797	30%	1,648,735
Loss from ordinary activities after tax	(13,094,996)	(65%)	(5,159,391)
Loss from ordinary activities after tax attributable to owners	(10,864,431)	(72%)	(4,541,590)
Dividends			
	Dividend	Amount per security	Franked amount per security
Interim dividend in respect of the six months ended 31 December 2019:	NIL	NIL	NIL
Net tangible assets per security			
		31 December 2019	31 December 2018
Net tangible assets per security (cents per security)		(0.10)	(7.73)

Net tangible assets includes right of use assets and lease liabilities.

Commentary on results

Commentary for the interim financial results for the six months ended 31 December 2019 is contained in the National Securities Exchange (NSX) release and on page 2 of the Interim Financial Report included with this announcement.

Details of Associates

Details of The iQ Group Global Ltd's associates are contained on page 21 of the Interim Financial Report included with this announcement.

Compliance Statement

The information provided in the Appendix 3 and throughout The iQ Group Global Ltd's Interim Financial Report is based on The iQ Group Global Ltd's interim financial statements for the half-year ended 31 December 2019.

The iQ Group Global Ltd's interim financial statements for the half-year ended 31 December 2019 have been subject to a review. A copy of the independent auditor's review report is set out on page 24 of the Interim Financial Report included with this announcement.



INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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This Interim Financial Report is provided to the National Securities Exchange (NSX) and should be read in conjunction with the 2019 Annual Report and any announcements made to the market during the current reporting period.

DIRECTORS' REPORT

The Directors present their report together with the interim consolidated financial statements of The iQ Group Global Ltd ("iQGG" or the "Company") and its subsidiaries (collectively referred to as the "Group") (formerly iQNovate Ltd) as at and for the half-year ended 31 December 2019.

DIRECTORS

The following persons were directors of iQGG during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Dr George Syrmalis
- Mr Con Tsigounis
- Mr Peter Simpson

PRINCIPAL ACTIVITIES

During the half-year the principal activity for the Group consisted of the provision of asset management services to listed and unlisted companies in the Life Science industry.

OPERATING AND FINANCIAL REVIEW

Operating highlights:

During the half-year the Group has continued to focus on developing early stage life science assets for its clients, and/or for itself. iQGG's development stage pipeline of therapeutic and diagnostic portfolios continue to build, with the diabetes franchise fast approaching the commercialization stage.

Financial highlights:

The Group's revenue is generated through three separate streams – commercial sales, capital gains, and Research and Development. Revenue increased by 30% during HY20 to \$7.2M when compared to HY19 (HY19 \$5.5M).

The Group sustained an operating loss of \$13.1M in HY20 (HY19 \$7.9M), and an operating cash burn of \$11.8M (HY18 \$4.2M) for the period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ROUNDING OF AMOUNTS

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

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 31 December 2019.

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



Dr George Syrmalis
Chair

Sydney

15 March 2020

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF THE IQ GROUP GLOBAL LTD

As lead auditor for the review of The iQ Group Global Ltd for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of The iQ Group Global Ltd and the entities it controlled during the period.



Tim Aman

Partner

BDO East Coast Partnership

Sydney, 15 March 2020

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

<i>In dollars</i>	<i>Note</i>	31 December 2019	31 December 2018
Revenue	6	7,151,797	5,503,062
Cost of sales		(5,827,009)	(3,672,307)
Gross profit		1,324,788	1,830,755
Other income		77,541	109
Share of profit/(loss) of associated companies net of tax		568,012	(46,111)
Employee benefits expense		(4,733,340)	(2,751,871)
Depreciation and amortisation expense		(342,908)	(49,050)
Overhead sharing costs		(1,468,591)	(1,122,219)
Consultancy fees		(2,794,968)	(1,076,018)
Other expenses	7	(4,528,059)	(3,117,368)
Finance costs		(1,233,189)	(370,468)
Loss before income tax		(13,130,714)	(6,702,241)
Income tax expense		35,718	(1,233,364)
Loss for the period		(13,094,996)	(7,935,605)
Loss attributable to members of the parent		(10,864,431)	(6,322,841)
Loss attributable to non-controlling interest		(2,230,565)	(1,612,764)
Total loss attributed		(13,094,996)	(7,935,605)

Loss per share for the period attributable to the ordinary equity holders of the Company:

Basic loss per share (cents per share)	15	(6.67)	(3.99)
Diluted loss per share (cents per share)	15	(6.67)	(3.99)

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

<i>In dollars</i>	31 December 2019	31 December 2018
Net loss for the period	(13,094,996)	(7,935,605)
Other comprehensive income	-	-
Other comprehensive loss for the period, net of tax		
Foreign translation exchange differences	19,709	(380,227)
Total comprehensive loss for the period	(13,075,287)	(8,315,832)
Comprehensive loss attributable to members of the parent	(10,850,702)	(6,522,319)
Comprehensive loss attributable to non-controlling interest	(2,224,585)	(1,793,513)
Total comprehensive loss attributed	(13,075,287)	(8,315,832)

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

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

<i>In dollars</i>	<i>Note</i>	31 December 2019	30 June 2019 (Restated)
Assets			
Current assets			
Cash and cash equivalents		826,676	503,603
Term deposit	9	406,328	-
Trade and other receivables	8	8,906,578	4,255,676
Prepayments		292,718	174,406
Current tax receivable		3,492	-
Total current assets		10,435,792	4,933,685
Non-current assets			
Other receivables		-	101,582
Property, plant and equipment		218,770	283,217
Right-of-use-assets	11	2,819,560	-
Intangible assets	10	1,640,953	3,754,452
Investment in associate	18	1,064,730	440,697
Total non-current assets		5,744,013	4,579,948
Total assets		16,179,805	9,513,633
Liabilities			
Current liabilities			
Trade and other payables	12	8,925,129	7,066,597
Employee benefit liabilities		1,203,586	1,009,146
Lease liabilities		553,785	-
Contract liabilities		117,446	382,826
Borrowings	14	7,397,070	5,603,440
Derivative financial instruments	16	1,238,349	1,238,349
Deferred tax liability		-	35,718
Total current liabilities		19,435,365	15,336,076
Non-current liabilities			
Borrowings	14	11,259,596	876,418
Lease liabilities		2,325,492	-
Employee benefit liabilities		127,224	108,734
Total non-current liabilities		13,712,312	985,152
Total liabilities		33,147,677	16,321,228
Net liabilities		(16,967,872)	(6,807,595)
Equity			
Contributed equity		40,565,061	38,880,053
Reserves		490,633	232,937
Accumulated losses		(58,365,528)	(47,501,097)
Total equity attributable to holders of the company		(17,309,634)	(8,388,105)
Total equity attributable to non-controlling interests		341,962	1,580,510
Total equity		(16,967,872)	(6,807,595)

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

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - 2018

<i>In dollars</i>	Contributed equity	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 1 July 2018	31,597,164	(35,309,142)	1,073,369	396,187	(2,242,423)
Adjustments to correct classifications in opening balances (refer to note 3)	(518,108)	-	(69,653)	587,654	-
Adoption of AASB 15 (1 July 2018)	-	221,000	-	-	221,000
Restated Balances 1 July 2018	31,079,056	(35,088,142)	1,003,823	983,841	(2,021,423)
Total comprehensive loss for the period					
Loss for the period	-	(6,322,841)	-	(1,612,764)	(7,935,605)
Other comprehensive profit / (Loss) for the period		(199,478)	-	(180,749)	(380,227)
Total comprehensive loss for the period	-	(6,522,319)	-	(1,793,513)	(8,315,832)
Transactions with owners recorded directly in equity					
Issued capital	2,301,130	-	-	-	2,301,130
Conversion of convertible notes	85,000	-	-	-	85,000
Shares issued in subsidiary	228,724	-	-	3,276	232,000
Shares issued on subscriptions previously received in subsidiary	187,869	-	(358,100)	170,231	-
Capital raising costs	(218,847)	-	-	-	(218,846)
Total transactions with owners recorded directly in equity	2,583,877	-	(358,100)	173,506	2,399,284
Balance at 31 December 2018 (Restated)	33,662,933	(41,610,461)	645,723	(636,166)	(7,939,971)

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - 2019

<i>In dollars</i>	Contributed equity	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 1 July 2019	38,880,053	(47,271,185)	232,937	1,580,510	(6,577,684)
Adjustment due to change in intangibles accounting policy (refer to note 3)	-	(229,912)	-	-	(229,912)
Restated Balances 1 July 2019	38,880,053	(47,501,097)	232,937	1,580,510	(6,807,596)
Total comprehensive loss for the period					
Loss for the period	-	(10,864,431)	-	(2,230,565)	(13,094,996)
Other comprehensive profit for the period	-	-	13,729	5,980	19,709
Total comprehensive loss for the period	-	(10,864,431)	13,729	(2,224,585)	(13,075,287)
Transaction with owners recorded directly in equity					
Issued new equity	1,790,844	-	-	1,047,969	2,838,813
Share based payments	-	-	243,967	-	243,967
Capital raising costs	(105,837)	-	-	(61,932)	(167,769)
Total transactions with owners recorded directly in equity	1,685,007	-	243,967	986,037	2,915,011
Balance at 31 December 2019	40,565,061	(58,365,528)	490,633	341,962	(16,967,872)

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

<i>In dollars</i>	<i>Note</i>	31 December 2019	31 December 2018
Cash flows from operating activities			
Receipts from customers		8,098,964	6,537,509
Payments to suppliers and employees		(19,814,559)	(10,738,866)
Interest received		178	109
Interest paid		(132,723)	-
Net cash used in operating activities		(11,848,140)	(4,201,248)
Cash flows from investing activities			
Investment in associates		(56,021)	-
Payment for term deposit		(406,328)	-
Purchase of property, plant and equipment		(15,628)	(40,962)
Net cash used in investing activities		(477,977)	(40,962)
Cash flows from financing activities			
Borrowings from related party bond		-	876,418
Proceeds from contributed equity		1,644,223	2,399,282
Proceeds from corporate bonds (Net of costs)		11,887,961	-
Payments relating to lease liabilities		(60,107)	-
Payments relating to convertible notes		(717,086)	-
Capital raising costs		(105,837)	-
Net cash generated from/ (used in) financing activities		12,649,155	3,275,700
Net increase/(decrease) in cash and cash equivalents		323,038	(907,806)
Cash and cash equivalents at the beginning of the period		503,603	1,422,636
Effect of movements in exchange rates on cash held		35	(29,352)
Cash and cash equivalents at the end of the period		826,676	485,478

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

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. REPORTING ENTITY

The iQ Group Global Ltd (“iQGG” 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 half-year ended 31 December 2019 comprise of the Company and its subsidiaries (collectively referred to as the “Group”).

These interim financial statements were authorised for issue by the Board of Directors on 15 March 2020.

2. STATEMENT OF COMPLIANCE

These condensed general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

3. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the interim financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the interim 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of adoption

AASB 16 was adopted at the beginning of the reporting period, 1 July 2019, using the modified retrospective approach and as such the comparatives have not been restated. A lease for an office space was entered into in September 2019 for which a right-of-use asset and lease liability was recognized of \$3,045,124 on 1 September 2019. In November 2019, a new lease was entered into for laptops and mobile phones for which the low value exemption has been applied, which allows for the expense to be recognised on a straight-line basis. Since no leases existed as at 30 June 2019, there was no impact on opening accumulated losses at 1 July 2019.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the Group has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or services to the customer. The liability is the Group's obligation to transfer goods or services to a customer from which it has received consideration.

Non-Controlling Interests

Subscriptions received from Non-Controlling Interests are initially recorded in Reserves and reclassified to non-controlling interests to contributed equity when the shares being applied for are allotted to the security holder.

Intangible assets

For the current period, the Group revised its accounting policy with respect to the amortisation of acquired IP in order to better reflect the carrying value of the asset. Acquired IP with a finite useful life was not amortised until it was ready for use. This was revised to amortisation commencing once the patent was granted and first filing with respect to the patent was made.

As a result of the change in accounting policy, the comparatives (30 June 2019) had to be restated. The retrospective adjustment arising from the change in accounting policy has therefore been reflected in the restated balance sheet as at 30 June 2019. This adjustment resulted in a decrease of intangibles by \$229,912 and an increase in accumulated losses by the same amount.

There was no material impact on the Statement of Cash Flows or earnings per share reported in the prior period.

Correction of Prior Year Classification

The prior year classification of equity included amounts recorded as reserves, whereas there were components which should have been transferred to contributed equity and non-controlling interests. These reclassifications are reflected as adjustments to result in Reclassified Balances.

4. GOING CONCERN

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

As disclosed in the interim financial statements, the Group incurred a loss of \$13,094,996 and had net cash used in operating activities of \$11,848,140 for the half year ended 31 December 2019 (31 December 2018 \$7,935,605 and \$4,201,248 respectively). At 31 December 2019 the company had net current liabilities of \$8,999,573 and net liabilities of \$16,967,872 (30 June 2019: \$10,402,391 and \$6,807,595 respectively). The net loss and net liability position does prima facie give rise to a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern.

However the directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after considering the following factors :

- The Company's business model is based upon generating returns by acquiring early stage life science IP and with its specialist inhouse knowledge, developing the acquired IP into diagnostic or therapeutic bioscience assets. Accordingly, profits are generated by increase in the value of the assets as they are developed and reach clinical milestones. Expenditure on improving these assets is expensed. The value of these assets cannot be recognised in the financial statements until they are realized.

Given the stage of development and increase in value of these assets, management expects the entities which hold these assets to be able to pay to the Group appropriate amounts by way of;

- License Fees on the use of these assets;
- Research & Development Contributions; and
- Reimbursement of the Company's overheads & resources to the extent that they have been utilized by these entities;

to cover the total outflows to the point of eliminating material uncertainty as to the basis of going concern.

- As demonstrated previously, the outflows and funding of the development of these assets will be funded by continued capital raisings in relation to projects the Company is involved in and continued revenue from providing specialist health services based on the Medical Affairs Service and the related party pass through agreements

In the event that the Group does not meet the above factors, it may not be able to continue its operations as a going concern and therefore may not be able to realize its assets and discharge its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

The interim financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group were not to operate as a going concern.

5. 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 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 the half-year 2019, the Group provided two types of services being: (1) contract sales and marketing services to external customers; and (2) shared services to related parties. Segment analysis of revenue and gross profit is provided below. Information on net assets by segment is not provided to the chief operating decision makers.

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

5. OPERATING SEGMENTS (CONTINUED)

<i>In dollars</i>	31 December 2019	31 December 2018
Revenue		
Contract sales and marketing services	5,992,538	4,996,349
Related party services	1,159,259	506,713
Total revenue	7,151,797	5,503,062
Gross profit		
Contract sales and marketing services	165,529	1,324,042
Related party services	1,159,259	506,713
Total gross profit	1,324,788	1,830,755

Information on geographical segments

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

Reliance on major customers

On an individual basis, four customers represent more than 10% of the HY20 revenue. Total revenue from these major customers amounts to \$4,847,700 (67.78%) of total revenue (HY19: \$4,638,042; 84.20%).

6. REVENUE

<i>In dollars</i>	31 December 2019	31 December 2018
Contract and service fee revenue	5,992,538	4,996,349
Office and shared services revenue	1,159,259	506,713
Total revenue	7,151,797	5,503,062

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major service lines

<i>In dollars</i>	31 December 2019	31 December 2018
Contract sales and marketing services	5,992,538	4,963,016
Training	-	33,333
Shared services	1,159,259	506,713
Total revenue	7,151,797	5,503,062

7. OTHER EXPENSES

<i>In dollars</i>	31 December 2019	31 December 2018
Accounting and legal fees	297,574	177,123
Advertising and marketing	318,370	143,975
Legal and consultancy fees	207,792	433,834
Insurance	65,546	286,496
Software and licensing subscriptions	44,042	178,151
Travel and accommodation	451,393	92,580
Exchange and listing fees	310,123	74,651
Occupancy fees	55,357	48,551
Development costs write-off	1,966,175	-
Listing cost	-	641,180
Entertainment	77,395	39,515
Subscription and licenses	64,759	20,902
Recruitment	66,094	49,834
Office and administration	222,372	100,074
Provision for bad debt	-	129,653
Other	381,067	700,849
Total other expenses	4,528,059	3,117,368

8. TRADE AND OTHER RECEIVABLES

<i>In dollars</i>	31 December 2019	30 June 2019
Trade receivables	460,648	715,073
Related party receivables	5,544,741	401,655
Less: Allowance for expected credit losses	-	(13,520)
	6,005,389	1,103,208
Other assets ¹	2,901,189	3,254,050
	8,906,578	4,357,258

¹Balance includes deferred charges relating to pre-IPO costs of \$2,660,024

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$Nil (31 December 2018: \$168,634) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2019.

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

9. TERM DEPOSIT

<i>In dollars</i>	31 December 2019	30 June 2019
Term deposit	406,328	-
	406,328	-

The term deposit, represents guarantee for leased premises at Level 3, 333 George Street, Sydney, NSW 2000, maturing in November 2020.

10. INTANGIBLE ASSETS

Cost

<i>In dollars</i>	Acquired IP	Development expenditure	Website and software	Total
Balance at 1 July 2018	1,871,613	2,398,035	233,890	4,503,538
Write-offs	-	(431,860)	-	(431,860)
Balance at 30 June 2019	1,871,613	1,966,175	233,890	4,071,678
Additions	2	-	-	2
Write-offs	-	(1,966,175)	-	(1,966,175)
Other	-	-	(70,080)	(70,080)
Balance at 31 December 2019	1,871,615	-	163,810	2,035,425

Amortisation

<i>In dollars</i>	Acquired IP	Development expenditure	Website and software	Total
Balance at 1 July 2018	-	-	52,471	52,471
Amortisation expense	229,912	-	34,843	264,755
Balance at 30 June 2019 (Restated – Refer to note 3)	229,912	-	87,314	317,226
Amortisation expense	59,977	-	17,269	77,246
Balance at 31 December 2019	289,889	-	104,583	394,472

Carrying amount

<i>In dollars</i>	Acquired IP	Development expenditure	Website and software	Total
Carrying balance at 30 June 2019 (Restated – Refer to note 3)	1,641,701	1,966,175	146,576	3,754,452
Carrying balance at 31 December 2019	1,581,726	-	59,227	1,640,953

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS

<i>In dollars</i>	31 December 2019	30 June 2019
Land and building – right-of-use	3,045,125	-
Less: Accumulated depreciation	(225,565)	-
Balance as at 31 December 2019	2,819,560	-

12. TRADE AND OTHER PAYABLES

<i>In dollars</i>	31 December 2019	30 June 2019
Trade payables	1,841,858	1,616,499
Sundry payables and accrued expenses	555,738	1,482,682
ATO related payables	2,582,419	1,141,280
Application received for shares	460,000	601,150
Related party payables	3,485,114	2,224,986
Total trade and other payables	8,925,129	7,066,597
Current	8,925,129	7,066,597
Non-current	-	-
Total trade and other payables	8,925,129	7,066,597

13. SHARE CAPITAL

	Number of shares	\$
In issue at 1 July 2018	156,612,032	15,711,326
Shares issued during the reporting period	6,279,560	2,386,233
In issue at 30 June 2019	162,891,592	18,097,559
Shares issued during the reporting period	-	-
In issue at 31 December 2019	162,891,592	18,097,559

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.

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

14. BORROWINGS

<i>In dollars</i>	31 December 2019	30 June 2019
Convertible notes ¹	5,791,068	5,603,440
Bond held with related party ²	978,143	876,418
Corporate bonds ³	11,887,455	-
Total borrowings	18,656,666	6,479,858
Current	7,397,070	5,603,440
Non-current	11,259,596	876,418
Total borrowings	18,656,666	6,479,858

¹Convertible notes are at a coupon rate of 7% per annum and mature in December 2021.

²Bond held with related party iQX Limited with a coupon rate of 9% per annum and matures in June 2021.

³Corporate bonds are at coupon rates of 9-15% per annum and with maturities between 12 and 24 months.

15. EARNING 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.

<i>In dollars</i>	31 December 2019	31 December 2018
Loss for the period attributable to owners of The iQ Group Global Ltd	(10,864,431)	(6,322,841)
Weighted-average number of ordinary shares at end of the period	162,891,592	158,582,268
Basic loss per share	(6.67)	(3.99)
Diluted loss per share	(6.67)	(3.99)

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 and performance rights were to be exercised. However, due to the statutory loss attributable to the Company for both the financial half-year ended 31 December 2019 and the comparative period ended 31 December 2018, the effect of these instruments has been excluded from the calculations of diluted earnings per share for both periods as they would reduce the loss per share.

16. FINANCIAL INSTRUMENTS - FAIR VALUE

Fair value measurement

(i) Fair value hierarchy

The Group's assets and liabilities for the current reporting period are 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.

There were no transfers between levels during the financial half-year.

Consolidated – at 31 December 2019

<i>In dollars</i>	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative convertible note options	-	-	1,238,349	1,238,349
Total liabilities	-	-	1,238,349	1,238,349

Consolidated – at 30 June 2019

<i>In dollars</i>	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative convertible note options	-	-	1,238,349	1,238,349
Total liabilities	-	-	1,238,349	1,238,349

Valuation techniques for fair value measurements categorised within level 2

The derivative convertible note options were revalued on 31 December 2019 based on internal assessments performed by management, with reference to the terms of the underlying convertible notes.

17. TRANSACTIONS WITH RELATED PARTIES

(i) Parent and ultimate controlling party

The iQ Group Global Ltd was the parent and ultimate controlling party of the Group throughout the half-year ended 31 December 2019.

(ii) Transactions with 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.

Entity name	Relationship
iQX Limited and controlled entities	Common directorship and/ key management personnel
iQ3Corp Ltd and controlled entities	Common directorship and/ key management personnel
Nereid Enterprises Pty Ltd	An Associate with common directorship and/key management personnel
OncoTex Inc	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.

<i>In dollars</i>	31 December 2019	31 December 2018
Shared services fees received from related parties	1,159,259	506,713
Total fees received from related parties	1,159,259	506,713
Consulting fees invoiced by related parties	1,468,591	1,076,018
Invoices for shared services fees received from related parties ¹	2,794,968	1,083,156
Total costs received from related parties	4,263,559	2,159,173

¹This includes \$1,157,200 of fees relating to the issuance of corporate bonds. This has been included as part in the fair value of the corporate bonds and unwinded using the effective interest rate method.

<i>In dollars</i>	31 December 2019	30 June 2019
Trade payable accounts with related parties	(3,485,114)	(2,224,986)
Trade receivable accounts with related parties	5,544,741	401,654
Bond issued to related party ²	(978,143)	(876,418)
Net trade receivable/(payable) from related parties	1,081,484	(2,699,750)

² On the 10 September 2018 the company entered into a bond instrument with a related entity, iQX Limited. The Maturity date of the bond is 30 June 2021, with a simple annual coupon rate of 9%.

18. INVESTMENTS

Subsidiaries

Entity name	Country of incorporation	Ownership interest 31 December 2019	Ownership interest 31 December 2018
Farmaforce Limited	AUS	69.89%	70.60%
Clinical Research Corporation Pty Ltd	AUS	100%	100%
Life Science Biosensor Diagnostics Pty Ltd	AUS	81%	81%
Glucose Biosensor Systems (GC) Holdings Inc	USA	81%	81%
Glucose Biosensor Systems (GC) Pty Ltd	AUS	81%	81%
Antisoma Therapeutics Pty Ltd	AUS	100%	100%
BioSenX (North America) Inc	USA	81%	81%

Associates

Entity name	Country of incorporation	Ownership interest 31 December 2019	Ownership interest 31 December 2018
New Frontier Holdings LLC	USA	20%	34.1%
Nereid Enterprises Pty Ltd	AUS	20%	34.1%
Nereid Enterprises LLC	USA	20%	34.1%
Oncotex Pty Ltd	USA	40.5%	40.5%
Oncotex Inc	USA	40.5%	40.5%

For the half-year ended 31 December 2019, the Group recognised the share of profit in its investment in associate Oncotex Inc (Ownership interest: 40.5%) of \$662,611 (31 December 2018: \$Nil).

19. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial half-year and the date of this report any other 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.

THE IQ GROUP GLOBAL LTD AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Dr George Symalis
Chairman

Sydney

15 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The iQ Group Global Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of The iQ Group Global Ltd (the Company) and its subsidiaries (the Group), which comprises the interim consolidated statement of financial position as at 31 December 2019, the interim consolidated statement of profit or loss, the interim consolidated other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134



Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Tim Aman', is written over a horizontal line.

Tim Aman
Partner

Sydney, 15 March 2020

CORPORATE DIRECTORY

ACN 149 731 644

Directors

Dr George Syrmalis, *Chair and Group Chief Executive Officer*

Con Tsigounis

Peter Buchanan Simpson

Company secretary

Gerardo Incollingo

Group Chief Executive Officer

Dr George Syrmalis

Registered office

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Auditor

BDO East Coast Partnership

Level 11, 1 Margaret Street

Sydney NSW 2000

Stock exchange listings

The IQ Group Global Ltd shares are listed on the National Securities Exchange (NSX:IQG).

Website address

www.iqgltd.com