

# FORM: Half yearly/preliminary final report

Name of issuer

iQX Limited

ACN or ARBN

155 518 380

Half yearly  
(tick)

✓

Preliminary  
final (tick)

Half year/financial year ended  
('Current period')

1/7/2015 – 31/12/2015

## For announcement to the market

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

Extracts from this statement for announcement to the market (see note 1).				\$A,000
Revenue (item 1.1)	up	64%	To	582
(Loss) for the period (item 1.9)	up	75%	to	(1,036)
(Loss) for the period attributable to security holders (item 1.11)	up	75%	To	(1,036)
Income Distributions		Current period	Previous corresponding period	
Final dividend		Nil	Nil	
Interim dividend		Nil	Nil	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

## **NTA Backing**

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	-0.13 cents	0.82 cents

## **Non-cash financing and investing activities**

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

21.1	N/A
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## **International Financial Reporting Standards**

*Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.*

22.1	N/A
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*Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.*

22.2	N/A
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**Comments by directors**

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.**Basis of accounts preparation**

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (*as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting*)

No events to report.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

None.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Nil.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(*Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.*)

N/A

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (as per paragraph 16(d) of AASB 134: Interim Financial Reporting)

Refer to Note 19 in the Financials.

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report (as per paragraph 16(j) of AASB 134: Interim Financial Reporting)

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: Interim Financial Reporting)

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

N/A

**Annual meeting**  
(Preliminary final statement only)

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the annual report will be available


**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- |   |  |
|---|--|
| <input type="checkbox"/> The financial statements have been audited.  | <input checked="" type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed.  |

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/~~will follow immediately they are available\*~~ (delete one). (Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the *Corporations Act*.)

6. The issuer has ~~does not have\*~~ (delete one) a formally constituted audit committee.

Sign here: ..... Date: 14-03-16.....  
(Director/Company secretary)

Print name: Dr George Symmalis.....

# **iQX Limited and Consolidated Entities**

ACN: 155 518 380

## **Financial Statements**

**For the Half Year Ended 31 December 2015**

# **iQX Limited and Consolidated Entities**

**ACN: 155 518 380**

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**For the Half Year Ended 31 December 2015**

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# iQX Limited and Consolidated Entities

ACN: 155 518 380

## Directors' Report

For the Half Year Ended 31 December 2015

The directors present their report on iQX Limited and Consolidated Entities for the half financial year ended 31 December 2015.

### 1. General information

#### Directors

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

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

#### Company secretary

Mr Kelvin Boateng is iQX Limited's Company secretary and Head, Legal & Commercial Affairs.

#### Principal activities and significant changes in nature of activities

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

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

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

### 2. Operating results and review of operations for the year

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

- The launch of the iQ Series 8 Life Science Fund (Global). As previously announced, this milestone demonstrates the Group's capability to develop niche investment funds comprising a select portfolio of unlisted Life Science entities.
- The continual development of a pipeline of investments, on a global scale in order to continue the journey of eradicating disease through capital investment; and
- The process of development of its proprietary series of local and global biotech index (iQdex) with a view to going live in FY2015-16.

The profit of the Company after providing for income tax for the half-year ended 31 December 2015 was (\$1,035,835) compared to (\$592,477) in the corresponding period last year.

# IQX Limited and Consolidated Entities

ACN: 155 518 380

## Directors' Report

For the Half Year Ended 31 December 2015

### 2. Operating results and review of operations for the year continued

During the 2015 income year, IQX resolved to undertake a private placement of the Group's shares. The placement has been extended until 31 August 2016 and is expected to raise up to \$5,000,000 by way of a placement to sophisticated and professional investors under a placement capacity of 15% of the issued capital. The funds raised will be applied to the continued strategy of developing the Group's funds management business, its investment infrastructure and the screening of early stage biotechnology investments.

The net assets at half year-end were (\$104,571) compared to \$847,244 in the previous half year. This was the result of a change in accounting estimates regarding the treatment of Convertible Notes and does not impact profitability or cashflow in the reporting period.

### 3. Other items

#### Significant changes in state of affairs

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

#### Events after the reporting date

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

#### Indemnification and insurance of officers and auditors

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

During or since the end of the half financial year, the Company has paid premiums of \$18,960.78 in respect of a contract insuring all the directors of the Company against legal costs incurred in defending proceedings for conduct.

No indemnities have been given or insurance premiums paid, during or since the end of the half financial year, for any person who is or has been an auditor of IQX Limited and Consolidated Entities.

#### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2015 has been received and can be found on page 3 of the financial report.

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

Director: .....  
George Symalis

Dated this 11th day of March

**iQX Limited and Consolidated Entities**

ACN: 155 518 380

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015, there have been:

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

Fortunity Assurance



TR Davidson  
Partner

155 The Entrance Road, Erina, NSW

Dated this 11th day of March 2016

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2015

		2015	2014
	Note	\$	\$
Revenue	3	581,996	354,246
Other income		-	93,255
Employee benefits expense	4	(669,207)	(562,459)
Depreciation and amortisation expense	4	(11,211)	(9,069)
Overhead sharing costs		(231,949)	(115,891)
IPO and listing fees		(85,727)	(94,606)
Other expenses		(481,532)	(257,953)
Finance costs	4	(138,205)	-
<b>Profit before income tax</b>		<b>(1,035,835)</b>	<b>(592,477)</b>
Income tax expense		-	-
<b>Profit for the half year</b>		<b>(1,035,835)</b>	<b>(592,477)</b>
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income</b>		<b>(1,035,835)</b>	<b>(592,477)</b>
<b>Attributable to:</b>			
Members of the parent entity		(1,035,835)	(592,477)
<b>Earnings per share</b>			
From continuing operations:			
Basic earnings per share (cents)		(1.03)	(0.59)
Diluted earnings per share (cents)		(0.98)	(0.47)

The accompanying notes form part of these financial statements.

# iQX Limited and Consolidated Entities

ACN: 155 518 380

## Statement of Financial Position

31 December 2015

		31 December 2015	30 June 2015
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	771,807	968,009
Trade and other receivables	6	871,834	475,125
Other financial assets	7(a)	-	5,413
<b>TOTAL CURRENT ASSETS</b>		<b>1,643,641</b>	<b>1,448,547</b>
<b>NON-CURRENT ASSETS</b>			
Investments in associates	15	264,000	-
Other investments		6,250	-
Financial assets	7(b)	117,263	116,712
Property, plant and equipment	8	170,457	117,460
Deferred tax assets		1,320	1,320
Intangible assets	9	25,266	25,266
Other assets		21,949	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>606,505</b>	<b>260,758</b>
<b>TOTAL ASSETS</b>		<b>2,250,146</b>	<b>1,709,305</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	530,366	235,222
Borrowings	11	1,822,204	-
Current tax liabilities		2,147	2,147
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,354,717</b>	<b>237,369</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>		<b>2,354,717</b>	<b>237,369</b>
<b>NET ASSETS</b>		<b>(104,571)</b>	<b>1,471,936</b>
<b>EQUITY</b>			
Issued capital	12	4,383,264	4,923,936
Reserves		167,530	167,530
Retained earnings		(4,655,365)	(3,619,530)
<b>Total equity attributable to equity holders of the Company</b>		<b>(104,571)</b>	<b>1,471,936</b>
<b>TOTAL EQUITY</b>		<b>(104,571)</b>	<b>1,471,936</b>

The accompanying notes form part of these financial statements.

**iQX Limited and Consolidated Entities**

ACN: 155 518 380

**Statement of Changes in Equity  
For the Year Ended 31 December 2015****2015**

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

**2014**

	Ordinary Shares	Retained Earnings	Option Reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2014</b>	<b>3,615,427</b>	<b>(2,343,236)</b>	<b>167,530</b>	<b>1,439,721</b>
Total other comprehensive income	-	(592,477)	-	(592,477)
<b>Balance at 31 December 2014</b>	<b>3,615,427</b>	<b>(2,935,713)</b>	<b>167,530</b>	<b>847,244</b>

The accompanying notes form part of these financial statements.

**iQX Limited and Consolidated Entities**

ACN: 155 518 380

**Statement of Cash Flows****For the Half Year Ended 31 December 2015**

	31 December 2015	31 December 2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	389,002	411,925
Payments to suppliers and employees	(1,118,046)	(962,305)
Interest received	3,454	6,927
Interest paid	(1,273)	-
Net cash used by operating activities	<u>(726,863)</u>	<u>(543,453)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	-	1,228
Purchase of property, plant and equipment	(64,208)	(30,611)
Purchase of intangible assets	-	(2,757)
Payment for investment in associates	(264,000)	-
Payment for investments	(28,199)	-
Net cash used by investing activities	<u>(356,407)</u>	<u>(32,140)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the issue of convertible notes	1,155,000	-
Repayment of borrowings	(171,805)	-
Payment of capital raising costs	(96,127)	-
Net cash provided by financing activities	<u>887,068</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(196,202)	(575,593)
Cash and cash equivalents at beginning of year	<u>968,009</u>	<u>1,166,161</u>
Cash and cash equivalents at end of financial year	5 <u><u>771,807</u></u>	<u><u>590,568</u></u>

The accompanying notes form part of these financial statements.

## **iQX Limited and Consolidated Entities**

**ACN: 155 518 380**

# **Notes to the Financial Statements**

## **For the Half Year Ended 31 December 2015**

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

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

Comparatives are consistent with prior years, unless otherwise stated.

### **1 Basis of Preparation**

This condensed interim financial report for the reporting period ending 31 December 2015 has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of iQX Limited and its controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half year.

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Interim financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

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

### **2 Summary of Significant Accounting Policies**

#### **(a) Revenue and other income**

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

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

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

## Notes to the Financial Statements

### For the Half Year Ended 31 December 2015

#### 2 Summary of Significant Accounting Policies continued

##### (a) Revenue and other income continued

###### 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.

##### (b) Finance costs

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

##### (c) Property, plant and equipment

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

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

###### Depreciation

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

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

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

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

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

##### (d) Financial instruments

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

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

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2015**

#### **2 Summary of Significant Accounting Policies continued**

##### **(d) Financial instruments continued**

###### *Financial Assets*

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

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets;

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

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

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

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

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

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

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

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

###### *Financial assets at fair value through profit or loss*

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

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

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2015**

#### **2 Summary of Significant Accounting Policies continued**

##### **(d) Financial instruments continued**

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

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

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

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Company's available-for-sale financial assets comprise listed securities.

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

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

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

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

##### *Financial liabilities*

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

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

##### **(e) Cash and cash equivalents**

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

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2015**

#### **2 Summary of Significant Accounting Policies continued**

**(f) Employee benefits**

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**(g) Earnings per share**

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

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

**(h) Share capital**

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

**(i) Basis for consolidation**

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

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

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

A list of controlled entities is contained in Note 15 to the financial statements.

#### *Subsidiaries*

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

## **Notes to the Financial Statements**

### **For the Half Year Ended 31 December 2015**

#### **2 Summary of Significant Accounting Policies continued**

##### **(i) Basis for consolidation continued**

###### *Associates*

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

##### **(j) Business combinations**

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

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

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

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

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

##### **(k) Convertible notes**

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

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

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

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

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 3 Revenue and Other Income

Revenue from continuing operations

	31 December 2015	31 December 2014
	\$	\$
Revenue		
- Contract revenue	578,542	347,319
	<u>578,542</u>	<u>347,319</u>
Finance income		
- Other interest received	3,454	6,927
	<u>3,454</u>	<u>6,927</u>
<b>Total Revenue</b>	<u><b>581,996</b></u>	<u><b>354,246</b></u>

#### 4 Result for the Year

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

Finance costs:		
- Other interest expense	138,205	-
Other expenses:		
- Employee benefits expense	669,207	562,459
- Depreciation of property, plant and equipment	11,211	9,069

#### 5 Cash and Cash Equivalents

	31 December 2015	30 June 2015
	\$	\$
Cash at bank on hand	771,807	968,009
	<u>771,807</u>	<u>968,009</u>

#### 6 Trade and Other Receivables

CURRENT		
Trade receivables	90,134	-
	<u>90,134</u>	<u>-</u>
Prepayments	125,195	40,649
Deposits	42,781	55,140
Related party receivables	239,341	67,536
Other receivables	67,164	216,791
Loans to funds	307,219	95,009
<b>Total current trade and other receivables</b>	<u><b>871,834</b></u>	<u><b>475,125</b></u>

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 7 Other financial assets

	31 December 2015	30 June 2015
	\$	\$
CURRENT		
Financial assets at fair value through profit or loss	(a) -	5,413
NON-CURRENT		
Available for sale financial assets	(b) <b>117,263</b>	116,712
(a) Financial assets at fair value through profit or loss held-for-trading Australian listed shares	-	5,413
(b) Available-for-sale financial assets comprise:		
NON-CURRENT		
Listed investments		
- shares in other related parties - fair value	<b>103,513</b>	102,962
- shares in listed entities - fair value	<b>13,750</b>	13,750
Total available-for-sale financial assets	<b>117,263</b>	116,712

#### 8 Property, plant and equipment

##### PLANT AND EQUIPMENT

##### Plant and equipment

##### At cost

##### Accumulated depreciation

##### Total plant and equipment

##### Furniture, fixtures and fittings

##### At cost

##### Accumulated depreciation

##### Total furniture, fixtures and fittings

##### Leasehold Improvements

##### At cost

##### Accumulated amortisation

##### Total leasehold improvements

##### Total plant and equipment

##### Total property, plant and equipment

<b>59,190</b>	48,137
<b>(14,168)</b>	(8,252)
<b>45,022</b>	39,885
<b>44,059</b>	14,391
<b>(4,144)</b>	(2,961)
<b>39,915</b>	11,430
<b>99,895</b>	76,408
<b>(14,375)</b>	(10,263)
<b>85,520</b>	66,145
<b>170,457</b>	117,460
<b>170,457</b>	117,460

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 8 Property, plant and equipment continued

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

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

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Improvements \$	Total \$
<b>Half Year ended 31 December 2015</b>				
Balance at the beginning of year	39,885	11,430	66,145	117,460
Additions	29,668	23,487	11,053	64,208
Depreciation expense	(1,183)	(4,112)	(5,916)	(11,211)
<b>Balance at the end of the half year</b>	<b>68,370</b>	<b>30,805</b>	<b>71,282</b>	<b>170,457</b>

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Improvements \$	Total \$
<b>Year ended 30 June 2015</b>				
Balance at the beginning of year	16,900	8,988	70,024	95,912
Additions	30,161	4,299	5,380	39,840
Disposals - written down value	526	(135)	(1,730)	(1,339)
Depreciation expense	(7,702)	(1,722)	(7,529)	(16,953)
<b>Balance at the end of the year</b>	<b>39,885</b>	<b>11,430</b>	<b>66,145</b>	<b>117,460</b>

#### 9 Intangible Assets

	31 December 2015 \$	30 June 2015 \$
Other intangible assets:		
Cost	25,266	25,266
<b>Total Intangibles</b>	<b>25,266</b>	<b>25,266</b>

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 10 Trade and Other Payables

	31 December 2015	30 June 2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	190,343	10,278
Employee benefits	39,736	24,426
Sundry payables and accrued expenses	267,703	83,135
Other payables	32,584	117,383
	<u>530,366</u>	<u>235,222</u>
	<u>530,366</u>	<u>235,222</u>

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

#### 11 Borrowings

CURRENT		
Unsecured liabilities:		
Convertible notes	1,822,204	-
<b>Total current borrowings</b>	<u>1,822,204</u>	<u>-</u>

During the half-year ended 31 December 2015 the Group issued 0% coupon Convertible Note interests valued at \$735,000 (30 June 2015: \$1,431,000) excluding transaction costs.

The current year balances from the above disclosures consist of:

Opening balance	-	-
Liability portion of convertible notes issued	1,793,859	-
Less: transaction costs	(108,586)	-
Add: implied interest	136,931	-
	<u>1,822,204</u>	<u>-</u>

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 12 Issued Capital

	31 December 2015	30 June 2015
	\$	\$
(2015: 100,760,000) Ordinary shares	4,154,000	4,154,000
(2015: 1,431,000) Convertible notes	792,141	1,431,000
Share issue costs written off against share premium	(562,877)	(661,064)
<b>Total</b>	<b>4,383,264</b>	<b>4,923,936</b>

##### (a) Ordinary shares

	No.	No.
At the beginning of the reporting period	100,760,000	100,760,000
At the end of the reporting period	100,760,000	100,760,000

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

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

#### 13 Dividends

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

#### 14 Key Management Personnel Disclosures

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

	30 December 2015	30 June 2015
	\$	\$
Short-term employee benefits	238,301	727,351
Post-employment benefits	22,151	70,325
Termination benefits	-	13,845
	<b>260,452</b>	<b>811,521</b>

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Notes to the Financial Statements For the Half Year Ended 31 December 2015

#### 15 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 31 December 2015	Percentage Owned (%)* 30 June 2015
<b>Subsidiaries:</b>			
iQ Capital Partners (No. 1) Pty Ltd	Australia	100	100
The iQ Group Global Pty Ltd	Australia	100	100
iQX Investment Service Pty Ltd	Australia	100	100
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	100	100
iQ Series 8 Life Science Fund (Global) Management Pty Ltd	Australia	100	-
Life Science Holdings Pty Ltd	Australia	100	-
<b>Associates</b>			
New Frontier Holdings LLC	USA	20	-

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

#### 16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014:None).

#### 17 Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	Shared services revenue	Underwriting fees received	Overhead sharing costs	Other sharing transactions	Balance Outstanding	
					Receivable	Payable
Related Parties (re Group)	320,000	150,000	256,584	18,360	112,499	-
Subsidiaries (re Holding Company)	-	-	-	-	131,396	-

Mr Spiro Sakiris is both the Chief Operations Officer and the Chief Executive Officer of all of the above related parties.

#### 18 Events Occurring After the Reporting Date

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

## **iQX Limited and Consolidated Entities**

**ACN: 155 518 380**

## **Notes to the Financial Statements**

**For the Half Year Ended 31 December 2015**

### **19 Convertible Notes**

As a result of a change in the underlying factors used to determine the financial liability component of the convertible notes, it has been estimated that the fair value of the liability component of the convertible notes which have now been accounted for in liabilities is, \$1,758,390 (net of transaction costs). Implied interest has been calculated with an interest expense of \$136,931 impacting the Statement of Profit and Loss in a manner consistent with the Australian Accounting Standards.

### **20 Company Details**

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

iQX Limited and Consolidated Entities  
Level 3, 222 Clarence Street  
Sydney NSW 2000

## iQX Limited and Consolidated Entities

ACN: 155 518 380

### Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director .....  
George Symmalis

Dated this 11<sup>th</sup> day of MARCH 2016

**iQX Limited and Consolidated Entities**

ACN: 155 518 380

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of iQX Limited and Consolidated Entities, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

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

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

*Independence*

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

**iQX Limited and Consolidated Entities**

ACN: 155 518 380

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

*Conclusion*

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Fortunity Assurance



TR Davidson  
Partner

155 The Entrance Road, Erina, NSW

Dated this 11<sup>th</sup> day of March, 2016