



Dear Shareholders

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Dr George Syrmalis
Group CEO



NSX - Preliminary Final Report

Name of entity:	iQX Limited
ACN:	155 518 380
Reporting Period:	Twelve months ending 30 June 2017
Previous Corresponding Period:	Twelve months ending 30 June 2016

Results for announcement to the market

	Movement	Percentage change	2017
Revenue and net profit			
Revenue from ordinary activities	up	642%	3,400,230
Profit/(loss) from ordinary activities after tax	up	706%	14,218,387
Profit/(loss) from ordinary activities after tax attributable to owners	up	706%	14,218,387
Dividends			
	Dividend	Amount per security	Franked amount per security
Final dividend in respect of the twelve months ending 30 June 2017:	NIL	NIL	NIL
Net tangible assets per security		2017	2016
Net tangible assets per security (cents per security)		12.15	(0.38)

Commentary on results

Commentary for the preliminary final report for the twelve months ending 30 June 2017 is contained in the National Securities Exchange (NSX) release and on page 2 of this announcement.

Additional information

This report is based on unaudited financial statements which are currently in the process of being audited. The financial statements included in the 2017 Annual Report are likely to contain an unqualified independent audit report.

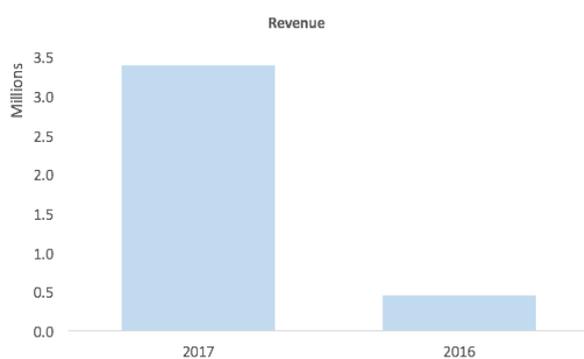
Additional Preliminary Final Report requirements can be found on pages 2 to 24 of this announcement.

Commentary on results

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

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

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



Operating highlights

- Series 8 Life Science Fund (Global) ESVCLP LP (Series 8), managed by subsidiary iQX Investment Services Pty Ltd, was granted unconditional registration from the Department of Industry, Innovation and Science as an early stage venture capital limited partnership. The iQ Series 8 Fund is currently capped at A\$100 million;
- Capital Labs, a venture of iQX investment Services Pty Ltd is in late completion phase and subsequent launch is contemplated around October 2017, pending regulatory framework. Capital Labs is a crowdfunding platform, linking start-up Australian biotechnology companies with retail investors in accordance with the Corporations Amendment (Crowd Sourced Funding) Act and ASIC Consultation Paper 289;

- A current SPV holding of iQX Ltd is approaching commercialisation stage and preparing for launch rollout in China and Hong Kong Region whilst in preparation for a proposed Initial Public Offering on NASDAQ.

About iQX Ltd

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

iqxinvestments.com

About The iQ Group Global

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

theiqgroupglobal.com

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2017

<i>In dollars</i>	Note	2017	2016[^]
Revenue	3	3,400,230	458,337
Other income	4(a)	19,003,522	7,295
Employee benefits expense	4(c)	(1,468,779)	(1,294,475)
Depreciation and amortisation expense		(71,150)	(27,165)
Consultancy fees		(856,309)	(135,598)
Occupancy costs		(516,695)	(157,882)
Other expenses	4(d)	(1,492,717)	(879,242)
Finance costs	4(b)	(448,017)	(318,716)
Share of loss of associated companies	16	(57,959)	-
Profit/(loss) before income tax		17,492,126	(2,347,446)
Income tax expense		(3,273,739)	-
Net profit/(loss) for the period		14,218,387	(2,347,446)

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

	Note	2017	2016
Basic profit/(loss) per share (cents per share)	15	12.22	(2.26)
Diluted profit/(loss) per share (cents per share)	15	12.22	(2.26)

[^] Comparative information has been restated to reflect a change in classification of: (a) revenue rebates, further details of which are included in note 3; and (b) employee benefit expenses, further detail of which is disclosed in note 4.

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

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

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

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

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

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

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

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

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

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

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

IQX LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

<i>In dollars</i>	Note	2017	2016
Cash flows from operating activities			
Receipts from customers		3,003,518	856,289
Payments to suppliers and employees		(3,934,428)	(3,159,467)
Interest received		1,522	6,199
Interest paid		(10)	(6,977)
Net cash used in operating activities	19	(929,398)	(2,303,956)
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,205)	(112,784)
Investment in associates		-	(269,000)
Investment in joint venture		-	(7,700)
Proceeds from disposal of financial assets		-	81,458
Payment for capital work in progress		-	(595,246)
Purchase of intangible assets		-	(23,576)
Net cash used in investing activities		(26,205)	(926,848)
Cash flows from financing activities			
Proceeds from issue of convertible notes		662,129	2,308,023
Advances from related parties		-	330,840
Payment from loan funds		-	95,009
Net cash generated from/(used in) financing activities		662,129	2,733,872
Net decrease in cash and cash equivalents		(293,473)	(496,932)
Cash and cash equivalents at the beginning of the period		471,077	968,009
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at the end of the period	5	177,604	471,077

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

1. REPORTING ENTITY

iQX Limited (“iQX” or the “Company”) is a for-profit company limited by shares which is incorporated and domiciled in Australia.

These consolidated financial statements (“financial statements”) as at and for the year ended 30 June 2017 comprise of the Company and its subsidiaries (collectively referred to as the “Group”).

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

The financial statements have been prepared on the historical cost basis.

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

Basis of consolidation

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

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated.

Foreign operations

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Uses of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Significant judgement has been made in respect to the election of common control accounting as opposed to accounting for business combinations at fair value at acquisition date.

(ii) Estimates

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

- Note 11 – Provisions
- Note 16 – Investments

(iii) Measurement of fair values

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of judgements and estimates (continued)

(iii) Measurement of fair values (continued)

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

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

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

New standards and interpretations not yet adopted

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

(i) AASB 9 Financial Instruments

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

(ii) AASB 15 Revenue from contracts with customers

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

(iii) AASB 16 Leases

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

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

3. REVENUE

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

Significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

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

Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

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.

4. INCOME AND EXPENSES

(a) Other income

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

(b) Finance costs

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

4. INCOME AND EXPENSES (CONTINUED)

(c) Employee benefit expenses

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

(d) Other expenses

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

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

5. CASH

<i>In dollars</i>	2017	2016
Bank balances	177,604	471,077

Significant accounting policies

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

6. TRADE AND OTHER RECEIVABLES

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

7. OTHER CURRENT ASSETS

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

Significant accounting policies

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

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

8. PROPERTY, PLANT AND EQUIPMENT

Cost

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

Accumulated depreciation

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

Carrying amount

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant accounting policies

Carrying value

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

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

Depreciation

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

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

Impairment

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

Gains and losses on disposal

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

9. INTANGIBLE ASSETS

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

9. INTANGIBLE ASSETS (CONTINUED)

Significant accounting policies

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

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

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

Amortisation

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

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

Impairment

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

Website and software

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

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

Research and development costs

Research expenditure is recognised as an expense as incurred.

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

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

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

10. TRADE AND OTHER PAYABLES

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

Significant accounting policies

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

11. PROVISIONS

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

Significant accounting policies

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

Make-good provisions

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

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

12. EMPLOYEE BENEFIT LIABILITIES

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

Significant accounting policies

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

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

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

13. BORROWINGS

<i>In dollars</i>	2017	2016
Convertible notes	2,653,461	2,175,549

Significant accounting policies

Convertible notes are separated into liability and equity components based on the terms of the contract. On issuance of the convertible notes, the fair value of the liability component is estimated using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

14. SHARE CAPITAL

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

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

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

(i) 10c Loyalty options

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

(ii) 20c Economos options

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

Dividends

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

Significant accounting policies

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

15. EARNINGS PER SHARE (EPS)

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

Loss attributable to ordinary shareholders

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

Weighted-average number of ordinary shares

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

Earnings per share

<i>In cents per share</i>	2017	2016
Basic earnings/(loss) per share	12.22	(2.26)
Diluted loss per share	12.22	(2.26)

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

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

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

16. INVESTMENTS

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

(a) Interests in subsidiaries and associates

Entity name	Country of incorporation	Ownership interest 2017	Ownership interest 2016
Subsidiaries			
iQX Investment Services Pty Ltd	Australia	100%	100%
The iQ Group Global Pty Ltd	Australia	100%	100%
iQ Capital Partners (No. 1) Pty Ltd	Australia	100%	100%
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	100%	100%
iQ Series 8 GP	Cayman Islands	100%	100%
Associates			
New Frontier Holdings LLC ("New Frontier")	USA	20%	20%
Nereid Enterprises Pty Ltd	Australia	20%	20%
Nereid Enterprises LLC	USA	20%	20%

(b) Investment in associates accounted for using equity method

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

(c) Financial assets carried at fair value through profit or loss

<i>In dollars</i>	2017	2016
Shares in unlisted companies	19,000,000	-

(d) Available for sale financial assets

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

16. INVESTMENTS (CONTINUED)

Significant accounting policies

Subsidiaries

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

Associates

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

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

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

Financial assets carried at fair value

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

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

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

Shares in listed companies

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

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

Shares in unlisted companies and unit trusts

Shares in unlisted companies and unit trusts are initially recognised at cost at accounting trade date. Shares in unlisted companies and unit trusts are subsequently carried at fair value using level 2 and level 3 fair value measurement inputs. Any subsequent increase or decrease in fair value is recognised in profit or loss.

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

IQX LIMITED AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

17. OPERATING LEASES

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

Future minimum lease payments

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

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

18. CONTINGENCIES

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

19. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

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

CORPORATE DIRECTORY

ACN 155 518 380

Directors

Kosmas Dimitriou, *Chair*

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

Peter Buchanan Simpson

John Stratilas

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 3, 222 Clarence Street

Sydney, NSW 2000

Principal place of business

Level 3, 222 Clarence Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Stock exchange listings

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

Website address

www.iqxinvestments.com