



iQX Ltd

Annual Report for the year ended 30th June 2014

**iQX LIMITED
AND CONTROLLED ENTITIES**

ACN: 155 518 380

**Financial Report For The Year Ended
30 June 2014**

iQX LIMITED AND CONTROLLED ENTITIES

ACN: 155 518 380

Financial Report For The Year Ended 30 June 2014

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**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
CHAIRPERSON'S REPORT**

We are pleased to present the joint Chairman and CEO's report for IQX Limited for the year ended 30 June 2014.

IQX Limited's financial result reflects its on-going growth since its establishment in February 2012.

The 2014 year heralded significant progress in delivering on its strategy of eradicating disease through capital investment, with a particular focus on establishing the appropriate infrastructure in order to facilitate the identification of appropriate life science investments.

In taking stock of this year's achievements, and looking forward, we are pleased to note:

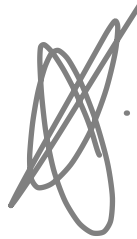
- The listing of IQX Limited on the NSX Exchange in Australia;
- The cross listing IQX Limited on the GXG Exchange in Europe; and
- Obtaining an Australian Financial Services Licence ("AFSL") through IQX Limited's wholly owned subsidiary IQX Investment Services Pty Limited with a broad range of authorisations;

As we enter the 2015 year, we are seeking to finalise the development of the necessary infrastructure and commence the investment phase of our journey and strategy of eradicating disease through capital investment.

Finally, we would like to acknowledge the hard work and dedication of our management and staff who achieved so much in 2014.



Kosmas Dimitriou
Chairman



Dr George Syrmalis
Chief Executive Officer

Dated: 10/09/2014

IQX LIMITED ACN: 155 518 380
OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the consolidated group during the 2014 fiscal year were:

- general investment activities and the exploration of investment opportunities in the Life Sciences industry.

Significant Changes to Activities

There were no other significant changes in the nature of the consolidated group's principal activities during the 2014 fiscal year.

Operating Results

The operating results for the consolidated group show a resulting loss for the 2014 fiscal year. That loss amounted to (\$1,246,196) (2013: loss of \$114,639), after providing for income tax and eliminating non-controlling equity interests. The result for the year reflects the Group's ongoing growth since its establishment in February 2012. Majority of expenses incurred during the year are set-up costs, employee costs and other related costs to set up the company's infrastructure.

Review of Operations

Since the company's listing on the National Stock Exchange of Australia in December 2013, the main focus was to establish the appropriate infrastructure to facilitate identification of appropriate Life Science sector investments and appropriate levels of capital raising for these investments. The first step was to obtain an Australian Financial Services Licence through the company's subsidiary IQX Investment Services Pty Ltd with a broad range of authorisations.

The next step currently being undertaken is the development of the appropriate resources and platform to facilitate the business model.

Financial Position

The net assets of the Group have increased by \$2,583,955 from 30 June 2013 to \$1,439,811 in 2014. The resulting increase is largely attributable to the following factors:

- proceeds from share issues raising \$2,592,000;
- payment of issuance cost and overseas listing related expenditures of \$213,337; and
- payment to employees (remuneration and employee entitlements) of \$826,323

Significant Changes in State of Affairs

The company listed on the National Stock Exchange of Australia in December 2013. Otherwise, there were no significant changes in the consolidated group's state of affairs during the 2014 fiscal year.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group in future financial years.

Future Developments, Prospects and Business Strategies

As part of its strategic focus, the Group is currently focused on the following:-

- Driving operational efficiencies in all business units through investments in innovative and efficient technologies and management systems.
- Investing in product and service innovation to maximise shareholder value.
- Investing in its human resources capacity to ensure delivery of key strategic objectives.

Environmental Issues

The company is not subject to any significant environmental regulation.

IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES CORPORATE GOVERNANCE STATEMENT

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance policies and practices. Accordingly, in pursuing its objective, the Board has committed to a corporate governance framework that strives to foster the values of integrity, respect, trust and openness among and between the Board members, management, employees, customers and suppliers.

iQX Limited and its subsidiaries operate as a single economic entity with a unified Board and management. As such, the Board's corporate governance framework applies to all entities within the economic group.

A complete listing of the Board Directors for the year ended 30 June 2014, along with their biographical details, is provided in the Directors' report.

The Board considers that the current Board composition reflects an appropriate balance between executive and non-executive Directors that promotes both the generation of shareholder value and effective governance.

The Board also considers that the current Board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The diverse range of business activities the company is involved in necessitates the Board having a correspondingly diverse range of skills, experience and expertise.

Notwithstanding the fact that the Board considers its current composition to be appropriate, it has in place an active program for assessing whether individual Directors and the Board as a whole have the skills and knowledge necessary to discharge their responsibilities in accordance with the Board's governance frameworks. Any deficiencies identified by this program can be addressed in a number of ways, including training and the employment of specialist staff, as well as the appointment of additional members to the Board to supplement the existing range of skills, experience and expertise. Details of the skills, expertise and experience of each Director are provided in the Directors' report.

Audit and Risk Management Committee

The Board presently has an Audit and Risk Management Committee comprising of one Executive Officer and two non-executive Directors. The company has adopted an Audit and Risk Management Charter setting out the composition, purpose, powers and scope of the Audit and Risk Management Committee as well as reporting requirements to the Board as a whole.

The names and qualifications of the Audit and Risk Management Committee members and their attendance at meetings of the committee are included in the Directors' report.

Remuneration and Compensation Arrangements Committee

The maximum aggregate amount payable for Non-Executive Directors' Fees as approved by the shareholders in general meeting has been set at \$300,000 per annum. Notwithstanding this, the Directors have set this remuneration for the financial year ended 30 June 2014 at \$140,000. The Constitution provides that aggregate Non-Executive Director's Fees can only change pursuant to a resolution at a general meeting.

The company has established a Remuneration and Compensation Arrangements Committee comprising two non-executive Directors with the objective of:

- i developing remuneration policies for Directors and Key Management Personnel, with the assistance of independent external consultants; and
- ii maintaining and reviewing the company's remuneration policies and practices, and reporting to the Board on such matters.

Ultimately, the Board is responsible for reviewing and negotiating the compensation arrangements of senior executives and consultants.

There is currently no scheme in place for the provision of retirement benefits for Directors other than statutory superannuation arrangements for non-executive/independent Directors.

Internal Management Controls

The Group's main assets are located in Australia. The Board and senior management exercise control over the operations of the Group.

The Board also monitors the performance of outside consultants and representatives engaged from time to time to provide specific services.

Identifying Significant Business Risks

**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT**

The Board regularly monitors the operational and financial performance of the company's activities. In conjunction with the Audit and Risk Management Committee, it monitors and receives advice on areas of operational and financial risk and considers strategies for appropriate risk management. All operational and financial strategies adopted are aimed at improving the value of the company's shares and have adopted policies to mitigate this risk through the use of suitably qualified technical personnel. However, the Directors recognise that Biopharmaceutical business is inherently risky.

NSX Corporate Governance

The information below outlines the main corporate governance policies of the Group, which the Directors adopted by formal resolution on 13 June 2012.

Before referring to the specific principles and the steps being taken by the company to comply with those, the following factors should be noted:

- Each of the Directors dedicates considerable time and effort to the affairs of the company. The Directors manage to do so despite within busy schedules consisting of other work and business commitments. Irrespective of their individual circumstances, the principal focus of each Director's efforts (while adhering to the company's corporate governance framework) must necessarily be the promotion of the company's activities and an improvement in shareholder value;
- The company is committed to adopting corporate governance policies commensurate with its business activities and has adopted a formal Corporate Governance Charter, setting out the roles and responsibilities of the independent committees described above.

It is within the above context that the Directors have established the current corporate governance framework to ensure that the company is compliant with a number of NSX Listing Guidelines. In the context of those Guidelines, the Directors make the following observations in relation to the company's corporate governance framework:

NSX Guidelines	Summary of iQX Limited Position
Principle One – Lay solid foundations for management and oversight	The company has five non executive Directors and each subject to contracts regulating their roles with the company, and who report to the board.
Principle Two – Structure Board to Add Value	The company has a Board comprising of two independent Directors and three non-executive Directors with business, technical and public company experience.
Principle Three – Promote Ethical and Responsible Decision Making	The company has adopted both: <ul style="list-style-type: none"> - a Corporate Governance Charter and Board Charter – regulating the duties of Directors and their dealings with the company (including the trading of shares in the company) both internally and externally, and - a Corporate Code of Conduct – regulating the Company's external dealings and dealings with Shareholders.
Principle Four – Safeguard Integrity in Financial Reporting	The company has established a separately constituted Audit and Risk Management Committee, The Committee comprises of the company secretary and two non-executive Directors.
Principle Five – Make Timely and Balanced Disclosures	The company has defined, under its Corporate Ethics Policy, an internal protocol for the reporting material information to Shareholders and the NSX.
Principle Six – Respect the Rights of Shareholders	The company is committed to all Shareholders and stakeholders having equal and timely access to material information regarding the operations and results of the company. The company will make regular NSX announcements and make this available on its website.
Principle Seven – Recognise and Manage Risk	The Audit & Risk Management Committee has under its Charter responsibility for overseeing the company's risk management and internal control framework and implementation of the processes required to undertake and assess risk management and internal control compliance.
Principle Eight – Encourage Enhanced Performance	The Board has established a Nomination Committee to assist and advice it on the development and management of recruitment policies and practices. The Company Secretary, Mr Kelvin Boateng, also plays an integral role in monitoring the conduct and processes of the Board, as well as the dispatch of material to Board members.

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CORPORATE GOVERNANCE STATEMENT**

Principle Nine – Remunerate Fairly and Responsibly	A Remuneration Committee has been established which is charged with making recommendations as to all aspects of executive and non-executive Director and management and committee remuneration packages. The Committee comprises two non-executive Directors.
Principle Ten – Recognise the Legitimate Interests of Stakeholders	The Company's Corporate Ethics Policy and Corporate Code of Conduct sets out the behaviour required of Directors, employees and contractors as appropriate and includes the observance of legal and other compliance obligations that relate to the company's activities from time to time.

**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of iQX Limited and its controlled entities for the financial year ended 30 June 2014. The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:-

General Information

Directors

The following persons were Directors of iQX Limited during or since the end of the financial year up to the date of this report:

Kosmas Dimitriou appointed (20/11/2012)
 Alex Dimos appointed (18/03/2013)
 Anthony Panoyan appointed (18/03/2013)
 Peter Simpson appointed (14/08/2013)
 John Stratilas appointed (6/02/2012)

Particulars of each Director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has entered into agreements to indemnify Directors, and paid \$28,033 in insurance premiums for Directors & Officers coverage insurance, which includes cover for this indemnification.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 13 of the Financial Report.

Options

At the date of this report, the unissued ordinary shares of iQX Limited under option are as follows

Grant Date	Date of expiry	Exercise price	Number under option
9/12/2013	9/12/2016	\$0.10	23,400,000
9/12/2013	9/12/2016	\$0.20	1,117,000
			24,517,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

Information relating to Directors and Company Secretary

Kosmas Dimitriou	—	Non-Executive Chairman
Qualifications	—	Bachelor Commerce Laws (University of Western Sydney), Diploma of Legal practice (Tax) (University of Sydney)
Experience	—	Kos is senior tax counsel to the MLC / NAB Wealth Asset Management Group (NAB Wealth). NAB Wealth manages hundreds of specialised funds throughout their \$100 billion portfolio. Over the last 6 years Kos advised NAB Wealth on both domestic and international tax structuring issues, including assisting in advising on the establishment of NabInvest. He has vast experience in corporate and managed funds structuring over numerous international jurisdictions. For the 6 years prior to MLC, Kos was a tax lawyer at PriceWaterhouseCoopers (PWC) in the PWC Sydney legal division. Kos was a client tax manager specialising in financial services and advised clients such as Colonial, Bank of America, DB RREEF and Lumley. Kos is experienced in structuring corporate acquisitions and managing highly specialised and innovative fund products.
Interest in Shares and Options	—	None
Special Responsibilities	—	Chairman and a member of Audit and Risk Management and Remuneration and Nomination committees.
Directorships held in other listed entities during the three years prior to the current year	—	None
Alex Dimos	—	Non-Executive Director

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DIRECTORS' REPORT**

Qualifications	— Bachelor of Economics (Macquarie University), Graduate Diploma in Financial Planning (Deakin University)
Experience	— Alex is a financial advisor with over 18 years' experience across several disciplines in the financial services industry. Alex commenced his career in 1995 with an ASX listed insurance company where he held various management roles that offered him exposure to underwriting, claims and business development. Alex left the insurance industry in the year 2000 to pursue his interest in equity and capital investment markets. Currently, Alex is a Director of Econ Financial Services. He is charged with the responsibility of developing and maintaining an extensive financial planning advisory business.
Interest in Shares and Options	— 38,990 ordinary shares and 75,000 options
Special Responsibilities	— Alex is a member of Audit and Risk Management and Remuneration and Nomination committees.
Directorships held in other listed entities during the three years prior to the current year	— None
Anthony Panoyan	— Non-executive Director
Qualifications	— Bachelor of Economics (University of Sydney), Advanced Diploma in Business (North Sydney TAFE), Kaplan Professional (RG 146 Compliance (Securities)).
Experience	— Anthony is an Executive Director of IQX and Head of Corporate Analysis. Prior to joining IQX, Anthony held a number of roles in the finance sector. He has worked with numerous businesses ranging from start-ups right through to ASX listed companies. Anthony was an equity analyst at Fat Prophets (boutique equity research firm) where he was responsible for carrying out investment research and analysis on listed companies across numerous industries. He held a corporate advisory role at Martin Place Securities (stock broking firm) where he managed capital raising transactions and carried out research and analysis for his clients. Anthony has also held other related roles, which included a business financing consultant, advising SME's on their business financing strategies, and a business development manager for a media firm in the private equity space where he assisted listed and unlisted companies in their investor relations strategy.
Interest in Shares and Options	— None
Special Responsibilities	— Head of Corporate Analysis
Directorships held in other listed entities during the three years prior to the current year	— None
Peter Simpson	— Non-Executive Director
Qualifications	— Master of Pharmacy (Monash University), Bachelor of Pharmacy (Monash University).
Experience	— Peter has extensive over 35 years experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both Australian and international markets. For eight (8) years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of over 80 pharmaceutical products in the Australian, UK and US markets. Peter held the position of Chief Executive Officer at Biota Holdings Ltd for 8 years. During this time he was responsible for the research and development of an effective drug to cure all forms of influenza. The drug developed was Relenza which was subsequently licensed to Glaxo Limited and has current sales of over US\$1 billion per annum. Currently, Peter maintains his association within the biotechnology and pharmaceutical industries and has an interest in late stage clinical studies and the commercialisation of Australian biomedical innovations and discoveries. Peter also has a keen interest in the fields of clinical immunology and cancer therapies.
Interest in Shares and Options	— None
Special Responsibilities	— Peter Simpson is a member of the Investment committee.
Directorships held in other listed entities during the three years prior to the current year	— iQnovate Ltd
John Stratilas	— Non-Executive Director
Experience	— John brings to the Board over 20 years of experience in operating a number of businesses. During this time he has established, operated and sold businesses in the food industry and commercial property development and management market.
Interest in Shares and Options	— 1,600,000 ordinary shares
Special Responsibilities	— None
Directorships held in other listed	— None

**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Kelvin Boateng is IQX Limited's Company Secretary and Head, Legal & Commercial Affairs. In this role, he serves as Company Secretary to the Board, as Committee Secretary for Board Committees, and as a company secretary for various companies in the IQ Group.

Mr Boateng was appointed as Company Secretary of iQX Limited with effect from 22 July 2014. Mr Boateng joined the IQ Group in May 2014 after spending a number of years as a lawyer in private practice. Mr Boateng has also spent several years as a financial services lawyer at the Australian Securities and Investments Commission. Mr Boateng holds a Bachelor of Economics and a Bachelor of Laws from the University of Western Sydney.

Meetings of Directors

During the financial year, 6 meetings of Directors (including committees of Directors) were held.

Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kosmas Dimitriou	6	6	1	1
Alex Dimos	6	6	1	1
Anthony Panoyan	6	6		
Peter Simpson	6	6		
John Stratilas	6	6		

IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES REMUNERATION REPORT

Remuneration policy

The Constitution of the Company provides that non-executive Directors are entitled to remuneration as determined by the company in general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate maximum remuneration for non-executive Directors currently determined by the company is \$300,000 per annum. Notwithstanding this, the Directors have set the maximum remuneration for the financial year ended 30 June 2014 at \$175,000 for the non executive Directors.

Directors who also chair the Audit Committee shall be entitled to further director's fee of an additional \$5,000. In addition, non-executive Directors will be entitled to be reimbursed for properly incurred expenses including time costs attending to the business of the company.

At present, the Board of the Company is constituted by five non-executive Directors. The Board has agreed that all Directors shall be paid a total fee of \$35,000 each per annum.

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Directors' or general meetings of the company or otherwise in connection with the business of the company.

The remuneration of any executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits but may not be by commission on, or percentage of, operating revenue.

The remuneration policy of iQX Limited has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of iQX Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

- The remuneration policy is to be developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and company with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other hedging arrangements that would have the effect of limiting the risk exposure.
- The remuneration committee reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by law, which is currently 9.25% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align Directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is measured using the Black-Scholes methodology.

KMP of closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits Directors and KMP from using iQX Limited shares as collateral in any financial transaction, including margin loan arrangements.

**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Performance Conditions Linked to Remuneration for executives

Performance Bonus Entitlement of up to 25% of base salary, subject to meeting company and employee objectives which will be calculated as follows:

- 50% of the Bonus Entitlement will be determined on the Company meeting its annual financial objectives
- 50% of the Bonus Entitlement will be determined on meeting employee objectives.

10,000 to 50,000 shares were allocated and earmarked for awarded to various executive employees upon the company becoming public and listing on the NSX. Entitlement is contingent upon successful attainment of annual objectives (this includes both personal and Group objectives). The share vesting period has been determined at two years in respect of the CEO and COO and three years for remaining executives following award. Each allocation of shares can only be vested if the employee is still employed by the company. At the date of this report no shares have been issued .

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group.

	Position Held as at 30 June 2014 and any change during the year	Contract details (duration & termination)
Group KMP		
Kosmas Dimitriou	Non-Executive Chairman	As per statutory limit-no contract.
Alex Dimos	Non-Executive Director	As per statutory limit-no contract.
Anthony Panoyan	Non-Executive Director	As per employment contract.
Peter Simpson	Non-Executive Director	As per statutory limit-no contract.
John Stratilas	Non-Executive Director	As per statutory limit-no contract.
George Syrmalis	Chief Executive Officer	12 months with an extended term as determined by both parties from time to time from 1 November 2013. 1 month notice required to terminate. Entitled to 1 month salary.
Spiro Sakiris	Chief Operating Officer and Chief Financial Officer	12 months with an extended term as determined by both parties from time to time from 1 November 2013. 1 month notice required to terminate. Entitled to 1 month salary.

Proportions of elements of remuneration related to performance

	Non-salary cash based incentives	Shares/ Units	Options/ Rights	Fixed Salary/Fees	Total
	%	%	%	%	%
Group KMP					
Kosmas Dimitriou	-	-	-	35,079	35,079
Alex Dimos	-	-	-	26,542	26,542
Anthony Panoyan	-	-	-	118,624	118,624
Peter Simpson	-	-	-	20,463	20,463
John Stratilas	-	-	-	35,079	35,079
George Syrmalis	-	-	-	208,941	208,941
Spiro Sakiris	-	-	-	145,212	145,212

The employment terms and conditions of all KMP are formalised in contracts of employment.

**IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES
REMUNERATION REPORT**

Remuneration Expense Details for the Year Ended 30 June 2014

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards:

Table of Benefits and Payments for the year ended 30 June 2014

	Short-term benefits				Post Employment Benefits		
	Salary, Fees and Leave \$	Profit Share and bonuses \$	Non-monetary \$	Other \$	Pension and superannuation \$	Other \$	
2014							
Group KMP							
Kosmas Dimitriou	32,109	-	-	-	2,970	-	
Alex Dimos	24,082	-	-	-	2,460	-	
Anthony Panoyan	96,580	12,000	-	-	10,044	-	
Peter Simpson	18,730	-	-	-	1,733	-	
John Stratilas	32,109	-	-	-	2,970	-	
George Syrmalis	191,250	-	-	-	17,691	-	
Spiro Sakiris	132,917	-	-	-	12,295	-	
Total KMP	527,777	12,000	-	-	50,162	-	
	Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments \$	Termination benefits \$	Total \$
	Incentive Plans \$	LSL \$	Shares/Units \$	Options/Rights \$			
2014							
Group KMP							
Kosmas Dimitriou	-	-	-	-	-	-	35,079
Alex Dimos	-	-	-	-	-	-	26,542
Anthony Panoyan	-	-	-	-	-	-	118,624
Peter Simpson	-	-	-	-	-	-	20,463
John Stratilas	-	-	-	-	-	-	35,079
George Syrmalis	-	-	-	-	-	-	208,941
Spiro Sakiris	-	-	-	-	-	-	145,212
Total KMP	-	-	-	-	-	-	589,939
	Short-term benefits				Post Employment Benefits		
	Salary, Fees and Leave \$	Profit Share and bonuses \$	Non-monetary \$	Other \$	Pension and superannuation \$	Other \$	
2013							
Group KMP							
Kosmas Dimitriou	18,731	-	-	-	1,686	-	
Alex Dimos	8,027	-	-	-	1,472	-	
Anthony Panoyan	27,077	-	-	-	2,437	-	
John Stratilas	31,387	-	-	-	2,825	-	
Peter Slimak	33,360	-	-	-	2,102	-	
Brendon Scorer	33,360	-	-	-	2,102	-	
George Syrmalis	60,000	-	-	-	5,400	-	
Total KMP	211,942	-	-	-	18,024	-	

IQX LIMITED ACN: 155 518 380 AND CONTROLLED ENTITIES

REMUNERATION REPORT

	Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
	Incentive Plans	LSL	Shares/Units	Options/Rights			
2013	\$	\$	\$	\$	\$	\$	\$
Group KMP							
Kosmas Dimitriou	-	-	-	-	-	-	20,417
Alex Dimos	-	-	-	-	-	-	9,499
Anthony Panoyan	-	-	-	-	-	-	29,514
Peter Simpson	-	-	-	-	-	-	-
John Stratilas	-	-	-	-	-	-	34,212
Peter Slimak	-	-	-	-	-	-	35,462
Brendon Scorer	-	-	-	-	-	-	35,462
George Syrmalis	-	-	-	-	-	-	65,400
Total KMP	-	-	-	-	-	-	229,966

Securities Received that are not Performance Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

KMP Shareholdings

The number of ordinary shares in IQX Limited held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Kosmas Dimitriou	-	-	-	-	-
Alex Dimos	13,990	-	-	25,000	38,990
Anthony Panoyan	-	-	-	-	-
Peter Simpson	-	-	-	-	-
John Stratilas	1,600,000	-	-	-	1,600,000
George Syrmalis	15,811,112	-	-	-	15,811,112
Spiro Sakiris	141,730	-	-	125,000	266,730
	17,566,832	-	-	150,000	17,716,832

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



.....
Kosmas Dimitriou

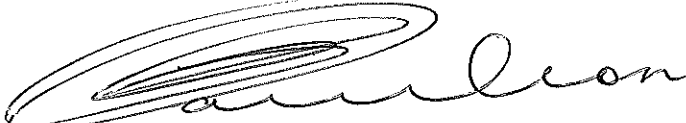
Dated: 10/09/2014

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IQX LIMITED AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm Fortunity Assurance



Name of Partner T R Davidson

Date 10/09/2014

Address 155 The Entrance Road

Erina NSW

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Group		Parent Entity	
		2014 \$	2013 \$	2014 \$	2013 \$
Continuing operations					
Revenue	2	-	-	-	-
Other income	2	410,848	17,832	410,848	17,832
Employee benefits expense		(826,323)	(407,232)	(826,323)	(407,232)
Depreciation and amortisation expense		(12,419)	(8,988)	(12,499)	(8,988)
Other expenses		(604,975)	(394,745)	(604,955)	(394,745)
IPO and listing costs		(213,337)	(144,480)	(213,337)	(144,480)
Profit before income tax	3	(1,246,205)	(937,613)	(1,246,266)	(937,613)
Tax expense	4	9	(44,698)	-	(44,698)
Net Profit from continuing operations		(1,246,196)	(982,311)	(1,246,266)	(982,311)
Net Profit for the year	3	(1,246,196)	(982,311)	(1,246,266)	(982,311)
Total comprehensive income for the year		(1,246,196)	(982,311)	(1,246,266)	(982,311)
Net profit attributable to:					
Members of the parent entity		(1,246,196)	(982,311)	(1,246,266)	(982,311)
		(1,246,196)	(982,311)	(1,246,266)	(982,311)
Total comprehensive income attributable to:					
Members of the parent entity		(1,246,196)	(982,311)	(1,246,266)	(982,311)
		(1,246,196)	(982,311)	(1,246,266)	(982,311)
Earnings per share					
Basic earnings per share (cents)	7	(1.38)	(1.23)	(1.38)	(1.23)
Diluted earnings per share (cents)	7	(1.21)	(1.23)	(1.21)	(1.23)

The accompanying notes form part of these financial statements.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	1,166,161	250,790	1,010,344	250,788
Trade and other receivables	9	84,180	-	234,180	-
Other financial assets	10	56,912	62,897	56,912	62,897
Other assets	14	110,726	1,833	110,635	1,833
TOTAL CURRENT ASSETS		1,417,979	315,520	1,412,070	315,518
NON-CURRENT ASSETS					
Trade and other receivables	9	-	-	-	-
Other financial assets	10	76,270	51,504	226,271	51,506
Property, plant and equipment	12	95,911	95,352	95,911	95,352
Deferred tax assets	17	1,500	-	-	-
Intangible assets	13	18,509	-	18,509	-
TOTAL NON-CURRENT ASSETS		192,190	146,856	340,691	146,858
TOTAL ASSETS		1,610,169	462,376	1,752,762	462,376
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	129,183	34,725	123,336	34,725
Current tax liabilities	17	1,491	-	-	-
Provisions	18	39,684	11,795	39,684	11,795
TOTAL CURRENT LIABILITIES		170,358	46,520	163,020	46,520
NON-CURRENT LIABILITIES					
Borrowings	16	-	1,560,000	-	1,560,000
TOTAL NON-CURRENT LIABILITIES		-	1,560,000	-	1,560,000
TOTAL LIABILITIES		170,358	1,606,520	163,020	1,606,520
NET ASSETS		1,439,811	(1,144,144)	1,589,741	(1,144,144)
EQUITY					
Issued capital	19	3,615,427	2,000	3,615,427	2,000
Reserves		167,530	-	167,530	-
Retained earnings		(2,343,146)	(1,146,144)	(2,343,215)	(1,146,144)
Parent interest		1,439,811	(1,144,144)	1,439,741	(1,144,144)
Non-controlling interest		-	-	-	-
TOTAL EQUITY		1,439,811	(1,144,144)	1,439,741	(1,144,144)

The accompanying notes form part of these financial statements.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014**

Note	Share Capital				Capital Profits Reserve	Reserves							Subtotal	Non-controlling interests	Total	
	Ordinary	Redeemable Preferred	Convertible Preferred	Retained Earnings		Revaluation Surplus	Asset Realisation Reserve	Foreign Currency Translation Reserve	General Reserve	Option Reserve	Financial Assets Reserve	Hedge Reserve				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Consolidated Group																
Balance at 1 July 2012	2,000	-	-	(114,639)	-	-	-	-	-	-	-	-	(112,639)	-	(112,639)	
Retrospective adjustment upon change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance at 1 July 2012 (restated)	2,000	-	-	(114,639)	-	-	-	-	-	-	-	-	(112,639)	-	(112,639)	
Comprehensive income																
Profit for the year	-	-	-	(982,311)	-	-	-	-	-	-	-	-	(982,311)	-	(982,311)	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	(982,311)	-	-	-	-	-	-	-	-	(982,311)	-	(982,311)	
Transactions with owners, in their capacity as owners, and other transfers																
Shares issued during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transaction costs	(49,194)	-	-	-	-	-	-	-	-	-	-	-	(49,194)	-	(49,194)	
Total transactions with owners and other transfers	(49,194)	-	-	-	-	-	-	-	-	-	-	-	(49,194)	-	(49,194)	
Balance at 30 June 2013	(47,194)	-	-	(1,096,950)	-	-	-	-	-	-	-	-	(1,144,144)	-	(1,144,144)	
Balance at 1 July 2013	(47,194)	-	-	(1,096,950)	-	-	-	-	-	-	-	-	(1,144,144)	-	(1,144,144)	
Comprehensive income																
Profit for the year	-	-	-	(1,246,196)	-	-	-	-	-	-	-	-	(1,246,196)	-	(1,246,196)	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	(1,246,196)	-	-	-	-	-	-	-	-	(1,246,196)	-	(1,246,196)	
Transactions with owners, in their capacity as owners, and other transfers																
Shares issued during the year	4,152,000	-	-	-	-	-	-	-	-	167,530	-	-	4,319,530	-	4,319,530	
Transaction costs	(489,379)	-	-	-	-	-	-	-	-	-	-	-	(489,379)	-	(489,379)	
Total transactions with owners and other transfers	3,662,621	-	-	-	-	-	-	-	-	167,530	-	-	3,830,151	-	3,830,151	
Balance at 30 June 2014	3,615,427	-	-	(2,343,146)	-	-	-	-	-	167,530	-	-	1,439,811	-	1,439,811	

The accompanying notes form part of these financial statements.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014**

Note	Share Capital											Total
	Ordinary	Redeemable Preference	Convertible Preference	Retained Earnings	Capital Profits Reserve	Asset Revaluation Reserve	Asset Realisation Reserve	Foreign Currency Translation Reserve	General Reserve	Option Reserve	Financial Assets Reserve	
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	2,000	-	-	(114,639)	-	-	-	-	-	-	-	(112,639)
Retrospective adjustment upon change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 July 2012	2,000	-	-	(114,639)	-	-	-	-	-	-	-	(112,639)
Comprehensive income												
Profit for the year	-	-	-	(982,311)	-	-	-	-	-	-	-	(982,311)
Total comprehensive income for the year	-	-	-	(982,311)	-	-	-	-	-	-	-	(982,311)
Transactions with owners, in their capacity as owners and other transfer												
Transaction costs	(49,194)	-	-	-	-	-	-	-	-	-	-	(49,194)
Total transactions with owners and other transfers	(49,194)	-	-	-	-	-	-	-	-	-	-	(49,194)
Balance at 30 June 2013	(47,194)	-	-	(1,096,950)	-	-	-	-	-	-	-	(1,144,144)
Balance at 1 July 2013	(47,194)	-	-	(1,096,950)	-	-	-	-	-	-	-	(1,144,144)
Comprehensive income												
Profit for the year	-	-	-	(1,246,265)	-	-	-	-	-	-	-	(1,246,265)
Total comprehensive income for the year	-	-	-	(1,246,265)	-	-	-	-	-	-	-	(1,246,265)
Transactions with owners, in their capacity as owners and other transfer												
Shares issued during the year	4,152,000	-	-	-	-	-	-	-	-	167,530	-	4,319,530
Transaction costs	(489,379)	-	-	-	-	-	-	-	-	-	-	(489,379)
Total transactions with owners and other transfers	3,662,621	-	-	-	-	-	-	-	-	167,530	-	3,830,151
Balance at 30 June 2014	3,615,427	-	-	(2,343,215)	-	-	-	-	-	167,530	-	1,439,741

The accompanying notes form part of these financial statements.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		326,668	-	176,668	-
Interest received		24,308	17,832	24,308	17,832
Payments to suppliers and employees		(1,487,878)	(883,636)	(1,493,695)	(861,224)
Income tax paid		-	(44,698)	-	(4,156)
Net cash provided by operating activities	21a	<u>(1,136,902)</u>	<u>(910,502)</u>	<u>(1,292,719)</u>	<u>(847,548)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		13,954	-	13,954	-
Purchase of property, plant and equipment		(27,012)	(104,340)	(27,012)	(100,444)
Purchase of financial assets		(18,782)	(132,535)	(18,782)	(61,687)
Purchase of other non-current assets		(18,509)	-	(18,509)	-
Net cash used in investing activities		<u>(50,349)</u>	<u>(236,875)</u>	<u>(50,349)</u>	<u>(162,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	2,000	-	-
Proceeds from borrowings		2,592,000	1,560,000	2,592,000	-
- proceeds from borrowings		-	-	-	220,000
Share issue cost paid		(489,378)	(163,833)	(489,376)	(49,194)
Net cash provided by (used in) financing activities		<u>2,102,622</u>	<u>1,398,167</u>	<u>2,102,624</u>	<u>170,806</u>
Net increase in cash held		915,371	250,790	759,556	(838,873)
Cash and cash equivalents at beginning of financial year		250,790	-	250,788	1,089,661
Cash and cash equivalents at end of financial year	8	<u>1,166,161</u>	<u>250,790</u>	<u>1,010,344</u>	<u>250,788</u>

The accompanying notes form part of these financial statements.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

These consolidated financial statements and notes represent those of iQX Limited and its Controlled Entities (the "consolidated group" or "Group").

The financial statements were authorised for issue on 10 September 2014 by the Directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the iQX Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is 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.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e., the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(d) Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(m) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	10%
Plant and equipment	10% to 15%
Furniture, Fixture and Fittings	15% to 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(f) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(g) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(h) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(i) Intangibles Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing 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.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

(n) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(l) for further discussion on the determination of impairment losses.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(s) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100. Accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest dollar.

(t) New and amended accounting policies adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013.

- AASB 10: Consolidated financial statements
- AASB 12: Disclosure of interests in other entities; and
- AASB 127: Separate financial statements

AASB 10 provides a revised definition of 'control' and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous Accounting Pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The Group has:

- presented quantitative information of the comparative period reflecting the adoption of AASB 10; and
- with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: Business Combinations from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:
 - the amount of assets, liabilities and non-controlling interests recognised; and
 - the previous carrying amount of the Group's involvement with the investee.

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The first-time application of AASB 10 resulted in the following changes to the Group's financial statements.

Employee benefits

The Group adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Group has applied these Standards retrospectively in accordance with AASB 108 and the transitional provisions of AASB 119.

The adoption of these Standards resulted in the following changes to the accounting for employee benefits that will significantly impact amounts recognised in the Group's financial statements.

- Interest expense (income) in respect of a net defined benefit liability (asset) is now required to be calculated by applying the discount rate used to measure the obligation for employee's defined benefit entitlements to the net defined benefit liability (asset), taking into account any changes in the net liability (asset) during the period as a consequence of contributions and benefit payments. Accordingly, under the new requirements interest expense (income) recognised in respect of obligations for defined benefits represents a net financing cost, comprising:
 - interest expense on the obligation for defined benefit entitlements; and
 - the 'risk free' component of income earned on plan assets.

Further, the actual return on plan assets less amounts included in the net interest on the net defined benefit liability (asset) is now recognised in other comprehensive income. Previously, the Group had:

- determined interest cost by applying the discount rate only to the gross obligation for defined benefits; and
 - calculated interest income on plan assets based on the long-term rate of expected return and recognised the expected return and any associated experience adjustments (actuarial gains or losses) in respect of the returns on plan assets in profit or loss.
- All past service costs arising from a plan amendment or curtailment of employee defined benefit entitlements are now recognised in profit or loss in the period in which the amendment or curtailment occurs. Previously, the Group recognised past service cost on a straight-line basis over the vesting period if the changes were conditional on the employees remaining in the Group's service for a specified period of time. Where no vesting conditions applied, the Group recognised past service cost in the period in which the amendment or curtailment occurred.

(u) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

(i) Impairment - General

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(v) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

- AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

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AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Note 2 Revenue and Other Income

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
(a) Revenue from continuing operations		\$	\$	\$	\$
— Interest Received		24,308	17,832	24,308	17,832
— Income from other related parties		386,540	-	386,540	-
Total other income		410,848	17,832	410,848	17,832

Note 3 Profit for the Year

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
Profit before income tax from continuing operations includes the following specific expenses:		\$	\$	\$	\$
Other Expenses					
— Subscriptions & Licences		58,699	18,134	58,699	18,134
— Travel & Accommodation		25,622	-	25,622	-
— Audit fee		11,685	5,500	11,685	5,500
— Bank charges		782	906	782	906
— Gain/(loss) on investments		21,003	39,164	21,003	39,164
— Shared Service Company Secretarial fee		299,070	132,000	299,070	132,000
— Website expense		188	9,124	188	9,124
— other		187,926	189,917	187,986	189,917
		604,975	394,745	605,035	394,745

Note 4 Tax Expense

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
The components of tax (expense)/income comprise:		\$	\$	\$	\$
(a) Current tax		-	-	-	-
Deferred tax		-	-	-	-
Recoupment of prior year tax losses		-	-	-	-
Under provision in respect of prior years		-	-	-	-
		-	-	-	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)					
— consolidated group		(373,862)	(281,284)		
— parent entity				(373,880)	(281,284)
Add:					
Tax effect of:					
— non-deductible depreciation and amortisation		-	-	-	-
— non-allowable items		373,853	325,982	373,880	325,982
		(9)	44,698	-	44,698
Income tax attributable to entity		(9)	44,698	-	44,698

The applicable weighted average effective tax rates are as follows:

Consolidated Group 2014	0.0%	Parent Entity 2014	0.0%
Consolidated Group 2013	-4.8%	Parent Entity 2013	-4.8%

The group has no franking credits at 30 June 2014 and 30 June 2013

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Note 5 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	539,777	211,942
Post-employment benefits	50,162	18,024
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
Total KMP compensation	589,939	229,966

Short-term employee benefits

- these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

- these amounts are the current year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

- these amounts represent long service leave benefits accruing during the year, long-term disability benefits, and deferred bonus payments.

Share-based payments

- these amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 6 Auditors' Remuneration

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Remuneration of the auditor for:				
— auditing or reviewing the financial report	11,685	5,500	11,685	5,500
	11,685	5,500	11,685	5,500

Note 7 Earnings per Share

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	Cents	Cents	Cents	Cents
(a) Basic loss per share	(1.38)	(1.23)	(1.38)	(1.23)
(i) Loss for the year used to calculate basic loss per share	(1,246,196)	(982,311)	(1,246,196)	(982,311)
(ii) Weighted average number of shares outstanding during the year used in used in calculating basic loss per share	90,380,000	80,000,000	90,380,000	80,000,000
(b) Diluted loss per share	(1.21)	(1.23)	(1.21)	(1.23)
(i) Loss for the year used to calculate diluted loss per share	(1,246,196)	(982,311)	(1,246,266)	(982,311)
(ii) Weighted average number of shares outstanding during the year used in used in calculating diluted loss per share	102,638,500	80,000,000	102,638,500	80,000,000

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
Cash at bank and on hand		1,166,161	250,790	1,010,344	250,788
	24	1,166,161	250,790	1,010,344	250,788

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,166,161	250,790	1,010,344	250,788
	1,166,161	250,790	1,010,344	250,788

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 9 Trade and Other Receivables

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
CURRENT					
Trade receivables	9a	84,180	-	84,180	-
Amounts receivable from related parties					
— wholly-owned subsidiaries		-	-	150,000	-
Total current trade and other receivables		84,180	-	234,180	-

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
(a) Financial Assets Classified as Loans and Receivables					
Trade and other Receivables					
— Total current		84,180	-	84,180	-
— Total non-current		-	-	-	-
Financial assets	24	84,180	-	84,180	-

Note 10 Other Financial Assets

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
CURRENT					
Financial assets at fair value through profit or loss	10a	56,912	62,897	56,912	62,897
Total current assets		56,912	62,897	56,912	62,897
NON-CURRENT					
Available-for-sale financial assets	10b	76,270	51,504	226,271	51,506
Total non-current assets		76,270	51,504	226,271	51,506

(a) Financial assets at fair value through profit or loss

CURRENT					
Held-for-trading Australian-listed shares	24	56,912	62,897	56,912	62,897

Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in the statement of comprehensive income.

(b) Available-for-sale financial assets

NON-CURRENT					
Listed Investments, at fair value					
— shares in listed corporations		76,270	51,504	76,270	51,504
Unlisted Investments, at fair value		-	-	150,001	2
— shares in other related parties	10c	-	-	150,001	2
Total available-for-sale financial assets	24	76,270	51,504	226,271	51,506

(c) Investments in related parties

(ii) Unlisted					
IQX Investment Services Pty Limited Investment					
iQX Limited has a 100% interest in IQX Investment Services Pty Limited					
Investment at cost				150,001	2

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Note 11 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		2014 (%)	2013 (%)	2014 (%)	2013 (%)
IQX Investment services Pty Limited		100%	100%	0%	0%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Note 12 Property, Plant and Equipment

	Consolidated Group		Parent Entity	
	2014 \$	2013 \$	2014 \$	2013 \$
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	18,085	8,048	18,721	8,048
Accumulated depreciation	(1,185)	(859)	(1,185)	(859)
	<u>16,900</u>	<u>7,189</u>	<u>17,536</u>	<u>7,189</u>
Leasehold improvements				
At cost	72,758	79,793	72,122	79,793
Accumulated amortisation	(2,734)	(5,653)	(2,734)	(5,653)
Total Leasehold Improvements	<u>70,024</u>	<u>74,140</u>	<u>69,388</u>	<u>74,140</u>
Furniture & Fittings				
At Cost	10,102	16,634	10,102	16,634
Accumulated Depreciation	(1,114)	(2,611)	(1,114)	(2,611)
Total Furniture & Fittings	<u>8,987</u>	<u>14,023</u>	<u>8,987</u>	<u>14,023</u>
Total plant and equipment	<u><u>95,911</u></u>	<u><u>95,352</u></u>	<u><u>95,911</u></u>	<u><u>95,352</u></u>
Total property, plant and equipment	<u><u>95,911</u></u>	<u><u>95,352</u></u>	<u><u>95,911</u></u>	<u><u>95,352</u></u>

(a) Movements in Carrying Amounts

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

	Freehold Land \$	Furniture , Fixtures and Fittings \$	Leasehold Improvements \$	Plant and Equipment \$	Leased Plant and Equipment \$	Total \$
Consolidated Group:						
Balance at 1 July 2012	-	-	-	-	-	-
Additions	-	16,499	79,793	8,048	-	104,340
Disposals	-	-	-	-	-	-
Depreciation expense	-	(2,476)	(5,653)	(859)	-	(8,988)
Balance at 30 June 2013	<u>-</u>	<u>14,023</u>	<u>74,140</u>	<u>7,189</u>	<u>-</u>	<u>95,352</u>
Additions	-	6,743	3,235	17,034	-	27,012
Disposals	-	(8,990)	-	(4,964)	-	(13,954)
Depreciation expense	-	(2,789)	(7,987)	(1,723)	-	(12,499)
Balance at 30 June 2014	<u><u>-</u></u>	<u><u>8,987</u></u>	<u><u>69,388</u></u>	<u><u>17,536</u></u>	<u><u>-</u></u>	<u><u>95,911</u></u>
Parent Entity:						
Balance at 1 July 2012	-	-	-	-	-	-
Additions	-	3,896	-	-	-	3,896
Disposals	-	-	-	-	-	-
Additions through acquisition of entity	-	12,603	79,793	8,048	-	100,444
Depreciation expense	-	(2,476)	(5,653)	(859)	-	(8,988)
Balance at 30 June 2013	<u>-</u>	<u>14,023</u>	<u>74,140</u>	<u>7,189</u>	<u>-</u>	<u>95,352</u>
Additions	-	6,743	3,235	17,034	-	27,012
Disposals	-	(8,990)	-	(4,964)	-	(13,954)
Capitalised borrowing costs and depreciation	-	(2,789)	(7,987)	(1,723)	-	(12,499)
Balance at 30 June 2014	<u><u>-</u></u>	<u><u>8,987</u></u>	<u><u>69,388</u></u>	<u><u>17,536</u></u>	<u><u>-</u></u>	<u><u>95,911</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Note 13 Intangible Assets

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trademarks and licences				
Cost	18,509	-	18,509	-
Accumulated amortisation and impairment losses	-	-	-	-
Net carrying amount	<u>18,509</u>	<u>-</u>	<u>18,509</u>	<u>-</u>

Consolidated Group:

	Goodwill	Trademarks & Licences	Computer Software
	\$	\$	\$
Year ended 30 June 2014			
Balance at the beginning of the year	-	-	-
Additions	-	18,509	-
Closing value at 30 June 2014	<u>-</u>	<u>18,509</u>	<u>-</u>

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

Note 14 Other Assets

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
CURRENT				
Prepayments	81,940	1,833	81,940	1,833
Other	28,786	-	28,695	-
	<u>110,726</u>	<u>1,833</u>	<u>110,635</u>	<u>1,833</u>

Note 15 Trade and Other Payables

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
CURRENT					
Unsecured liabilities					
Trade payables		75,096	17,176	75,096	17,176
Sundry payables and accrued expenses		54,087	17,549	48,241	17,549
		<u>129,183</u>	<u>34,725</u>	<u>123,336</u>	<u>34,725</u>

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
(a) Financial liabilities at amortised cost classified as trade and other payables					
Trade and other payables					
— Total current		129,183	34,725	123,336	34,725
— Total non-current		-	-	-	-
		<u>129,183</u>	<u>34,725</u>	<u>123,336</u>	<u>34,725</u>

Note 16 Borrowings

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
NON-CURRENT					
Unsecured liabilities					
Convertible notes		-	1,560,000	-	1,560,000
		<u>-</u>	<u>1,560,000</u>	<u>-</u>	<u>1,560,000</u>
Total borrowings	24	<u>-</u>	<u>1,560,000</u>	<u>-</u>	<u>1,560,000</u>

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Note 17 Tax

	Consolidated Group		Parent Entity			
	2014	2013	2014	2013		
	\$	\$	\$	\$		
CURRENT						
Income tax payable	1,491	-	-	-		
	<u>1,491</u>	<u>-</u>	<u>-</u>	<u>-</u>		
NON-CURRENT						
Consolidated Group	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
	\$	\$	\$	\$	\$	\$
Provisions	-	1,500	-	-	-	1,500
Balance at 30 June 2014	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>

Note 18 Provisions

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
CURRENT				
Employee Benefits				
Opening balance at 1 July 2013	-	-	11,795	10,939
Additional provisions	39,684	11,795	40,452	10,271
Amounts used	-	-	(12,563)	(9,415)
Unused amounts reversed	-	-	-	-
Balance at 30 June 2014	<u>39,684</u>	<u>11,795</u>	<u>39,684</u>	<u>11,795</u>
Total	<u>39,684</u>	<u>11,795</u>	<u>39,684</u>	<u>11,795</u>

Analysis of Total Provisions

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current	39,684	11,795	39,684	11,795
	<u>39,684</u>	<u>11,795</u>	<u>39,684</u>	<u>11,795</u>

Note 19 Issued Capital

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
100,760,000 (2013:80,000,000) fully paid ordinary shares	4,154,000	2,000	4,154,000	2,000
Share issue transaction cost	(538,573)	-	(538,573)	-
	<u>3,615,427</u>	<u>2,000</u>	<u>3,615,427</u>	<u>2,000</u>

The company has authorised share capital amounting to 100,760,000 ordinary shares.

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	No.	No.	No.	No.
(a) Ordinary Shares				
At the beginning of the reporting period	80,000,000	80,000,000	80,000,000	80,000,000
Shares issued during the year				
— 5/12/2013	20,760,000	-	20,760,000	-
At the end of the reporting period	<u>100,760,000</u>	<u>80,000,000</u>	<u>100,760,000</u>	<u>80,000,000</u>

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Note 20 Contingent Liabilities and Contingent Assets

The group has no contingent liabilities and contingent assets as at reporting date.

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AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Note 21 Cash Flow Information

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
(a) Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax				
Profit after income tax	(1,246,196)	(982,311)	(1,246,266)	(982,311)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit				
Amortisation				
Depreciation	12,499	8,988	12,499	8,988
Unrealised (gain)/loss on investments and derivatives	21,003	18,134	21,003	18,134
Write-downs to recoverable amount				
Share options expensed	167,530	-	167,530	-
(Increase)/decrease in trade and term receivables	(84,180)	-	(234,180)	-
(Increase)/decrease in prepayments	(129,896)	(1,833)	(129,805)	53,417
(Increase)/decrease in advance deposit	-	-	-	11,497
Increase/(decrease) in trade payables and accruals	94,458	34,725	88,611	1,329
Increase/(decrease) in deferred taxes	1,491	-	-	40,542
(Increase)/decrease in deferred taxes receivable	(1,500)	-	-	-
Increase/(decrease) in provisions	27,889	11,795	27,889	856
Cash flow from operating activities	<u>(1,136,902)</u>	<u>(910,502)</u>	<u>(1,292,719)</u>	<u>(847,548)</u>

Note 22 Events After the Reporting Period

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

Note 23 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:

The ultimate parent entity that exercises control over the Group is iQX Limited, which is incorporated in Australia.

ii. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

iii. Entities subject to significant influence by the Group:

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) 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:

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
iv. Other Related Parties				
Purchase of goods and services				
Payment of office sharing cost to a related entity iQnovate Limited, in which Dr George Syrmalis is a CEO	299,070	-	299,070	-
	<u>299,070</u>	<u>-</u>	<u>299,070</u>	<u>-</u>

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Sales of goods and services

Payment received for office sharing cost from a related entity iQnovate Limited, in which Dr George Syrmalis is a CEO	61,476	-	61,476	-
Payment received for office sharing cost from a related entity Farmaforce Pty Limited, in which Dr George Syrmalis is a CEO of the parent company	72,110	-	72,110	-
Payment received for office sharing cost from a related entity IQ3CORP Limited, in which Mr Spiro Sakiris is a Director	252,954	-	252,954	-
	386,540	-	386,540	-

Key Key Management Personnel

Key management personnel compensation is disclosed in Note 5 of the accounts.

Beneficial holdings-Key Management Personnel

The direct, indirect and beneficial holding of directors and their director -related entities in the share and share options of the company as at 30 June 2014:

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Ordinary shares	17,716,832	17,411,112	17,716,832	17,411,112
Options	640,950	-	640,950	-

Note 24 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	8	1,166,161	250,790	1,010,344	250,788
Financial assets at fair value through profit or loss					
— held for trading	10a	56,912	62,897	56,912	62,897
		<u>56,912</u>	<u>62,897</u>	<u>56,912</u>	<u>62,897</u>
Loans and receivables	9e	84,180	-	84,180	-
Available-for-sale financial assets					
— at fair value					
— listed investments	10b	76,270	51,504	76,270	51,504
— unlisted investments	10b	-	-	150,001	2
		<u>76,270</u>	<u>51,504</u>	<u>226,271</u>	<u>51,506</u>
Total available-for-sale financial assets	10b	<u>76,270</u>	<u>51,504</u>	<u>226,271</u>	<u>51,506</u>
Total Financial Assets		<u><u>1,383,523</u></u>	<u><u>365,191</u></u>	<u><u>1,377,707</u></u>	<u><u>365,191</u></u>
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	15	129,183	34,725	123,336	34,725
— Borrowings	16	-	1,560,000	-	1,560,000
Total Financial Liabilities		<u><u>129,183</u></u>	<u><u>1,594,725</u></u>	<u><u>123,336</u></u>	<u><u>1,594,725</u></u>

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The group does not have any borrowings should mature in any 12 month period.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	129,183	34,725	-	-	-	-	129,183	34,725
Unsecured borrowings	-	-	-	1,560,000	-	-	-	1,560,000
Total contractual outflows	129,183	34,725	-	1,560,000	-	-	129,183	1,594,725
Total expected outflows	129,183	34,725	-	1,560,000	-	-	129,183	1,594,725

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Consolidated Group	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	1,166,161	250,790	-	-	-	-	1,166,161	250,790
Trade, term and loans receivables	84,180	-	-	-	-	-	84,180	-
Other investments	56,912	62,897	76,270	51,504	-	-	133,182	114,401
Total anticipated inflows	1,307,253	313,687	76,270	51,504	-	-	1,383,523	365,191
Net (outflow) / inflow on financial	1,178,070	278,962	76,270	(1,508,496)	-	-	1,254,340	(1,229,534)

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2014	2013	2014	2013	2014	2013	2014	2013
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables (excl. est. annual leave)	123,336	34,725	-	-	-	-	123,336	34,725
Unsecured borrowings	-	-	-	1,560,000	-	-	-	1,560,000
Total contractual outflows	123,336	34,725	-	1,560,000	-	-	123,336	1,594,725
Total expected outflows	123,336	34,725	-	1,560,000	-	-	123,336	1,594,725

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2014	2013	2014	2013	2014	2013	2014	2013
Parent Entity	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets - cash flows realisable								
Cash and cash equivalents	1,010,344	250,788	-	-	-	-	1,010,344	250,788
Trade, term and loans receivables	234,180	-	-	-	-	-	234,180	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Other investments	56,912	62,897	226,270	51,504	-	-	283,182	114,401
Total anticipated inflows	1,301,436	313,685	226,270	51,504	-	-	1,527,706	365,189
Net (outflow) / inflow on financial	1,178,099	278,960	226,270	(1,508,496)	-	-	1,404,369	(1,229,536)

b. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings, shares in listed companies and trusts, forward exchange contracts, interest rate swaps, Government and fixed interest securities, and cash and cash equivalents.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2014	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
+/- 2% in interest rates	23,323	23,323	20,207	20,207

Year ended 30 June 2013	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
+/- 2% in interest rates	5,016	506	5,016	5,016

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

Nil differences between fair values and carrying values of financial instruments with fixed interest rates exist.

	Note	2014		2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Consolidated Group					
Financial assets					
Cash and cash equivalents	8	1,166,161	1,166,161	250,790	250,790
Trade and other receivables					
- non-related parties - term and trade receivables	9	84,180	84,180	-	-
Total trade and other receivables	9	84,180	84,180	-	-
<i>Financial assets at fair value through profit or loss</i>					
Investments - held-for-trading	10, 25	56,912	56,912	62,897	62,897
Total financial assets at fair value through profit or loss		56,912	56,912	62,897	62,897
<i>Available-for-sale financial assets:</i>					
- at fair value					
- listed investments		76,270	76,270	51,504	51,504
		76,270	76,270	51,504	51,504
Total available-for-sale financial assets	10, 25	76,270	76,270	51,504	51,504
Total financial assets		1,383,523	1,383,523	365,191	365,191

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Financial liabilities					
Trade and other payables	15	129,183	129,183	34,725	34,725
Convertible notes	25	-	-	1,560,000	1,560,000
Total financial liabilities		129,183	129,183	1,594,725	1,594,725

	Footnote	2014		2013	
		Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Parent Entity					
Financial assets					
Cash and cash equivalents	8	1,010,344	1,010,344	250,788	250,788
Trade and other receivables					
- non-related parties - term and trade receivables	9	84,180	84,180	-	-
Total trade and other receivables	9	84,180	84,180	-	-
<i>Financial assets at fair value through profit or loss</i>					
Investments - held-for-trading	10, 25	56,912	56,912	62,897	62,897
<i>Available-for-sale financial assets:</i>					
- at fair value					
- listed investments		76,270	76,270	51,504	51,504
- unlisted investments		150,001	-	2	-
Total financial assets at fair value through profit or loss		226,271	76,270	51,506	51,504
- at recoverable amount					
Total available-for-sale financial assets	10, 25	226,271	76,270	51,506	51,504
Total financial assets		1,377,707	1,311,886	365,191	365,189
Financial liabilities					
Trade and other payables	15	123,336	123,336	34,725	34,725
Convertible notes	25	-	-	1,560,000	1,560,000
Total financial liabilities		123,336	123,336	1,594,725	1,594,725

- (i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. Trade and other payables exclude amounts relating to the provision of annual leave, which is not considered a financial instrument.

Note 25 Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets held for trading;
- available-for-sale financial assets;

Note 26 Reserves

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Note 27 Company Details

The registered office of the company is:

iQX Limited
Level 3, 222 Clarence Street
Sydney NSW 2000

The principal places of business are:

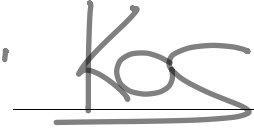
iQX Limited
Level 3, 222 Clarence Street
Sydney NSW 2000

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of iQX Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 36, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Director  _____
Kosmas Dimitriou

Dated this  2014

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
IQX LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of iQX Limited which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of iQX Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**IQX LIMITED ACN: 155 518 380
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
IQX LIMITED**

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of IQX Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Name of Firm: Fortunity Assurance



Name of Partner: T R Davidson

Address: 155 The Entrance Road
Erina NSW 2250

Dated this 10th day of September 2014

Additional Information Required to be Disclosed as per Clause 6.9 of NSXA Listing Rules as per Revision 1st April 2011

- (1) Principle Activities - Refer Directors' Report
- (2) Subsidiary companies in which the company had a 100% interest are:

IQX Investment Services Pty Ltd
- (3) (i) Directors Interests – refer Directors' Report
 (ii) Any rights to subscribe to debt or equity instruments by any of the directors are disclosed in the Director's Report
- (4) There have been no forecasts made during the year
- (5) The executive directors continue under their unexpired service contracts as disclosed in the Directors' Report, being 12 months with an extended term of 12 months from 1 May 2014.
- (6) Refer Note 23 in relation to significant contracts with directors, child entities or controlling shareholder interest.
- (7) There are no arrangements where the directors have waived or agreed to waive any emoluments.
- (8) There are no arrangements where a shareholder has waived or agrees to waive any emoluments
- (9) Historical Summary Table

Item	2012	2013	2014
Profit / (Loss)	(\$114,639)	(\$982,311)	(\$1,246,196)
Assets	\$1,271,696	\$462,376	\$1,610,169
Liabilities	\$1,384,335	\$1,606,520	\$170,358

- (10) As discussed in the Chairperson's Report ,

Since the company's listing on the National Stock Exchange of Australia in December 2013 the main focus was to establish the appropriate infrastructure to facilitate identification of appropriate Life Science sector investments and appropriate levels of capital raising for these investments. The first step was to obtain an Australian Financial Services Licence through the Company's subsidiary IQX Investment Services Pty Ltd with a broad range of authorisations. The next step currently being undertaken is the development of the appropriate resources and platform to facilitate the business model.

Refer to "Significant Changes in State of Affairs" in the Directors' Report for significant changes in affairs of the company which may influence the data in (9)

(11) Refer "Corporate Governance Statement

(12) Top Ten Shareholders as at the date of this report

Name	Number of Shares Held
Ruminate Investments Pty Limited	18,900,000
Life Science Investments Pty Limited	15,811,112
Abiogenesis Pty Limited	15,600,000
Agparaskevi Pty Limited	12,000,000
Adaptive Radiation Pty Limited	10,488,888
Mobery Pty Ltd	1,600,000
Peter Kousoulis	1,400,000
Oasis Bulls Pty Ltd	1,375,000
Harry Kouros & Mrs Patricia Kouros	1,250,000
Colin J Odams Pty Ltd	1,000,000