

IQ3CORP LTD

ACN 160 238 282

**Appendix 4D and Half Year Financial
Results for the 6 Months Ended**

31 December 2016

ASX Appendix 4D

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.2A and Appendix 4D for iQ3Corp Ltd ('iQ3Corp or the 'Company') and its controlled entities for the 6 months ended 31 December 2016 and the previous corresponding period 31 December 2015.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated results

	31 December 2016 \$'000	31 December 2015 \$'000	Movement Up/down	Movement %
Revenue	2,595	1,200	up	116%
Profit / (loss) from ordinary activities after tax attributable to members	166	(813)	up	120%
Net profit / (loss) for the period attributable to members	166	(813)	up	120%

For commentary on the results and outlook, refer to attached 31 December Half-Year Financial Report.

Dividends

No dividends have been paid or declared during the reporting or previous corresponding period, not do the directors recommend the declaration of a dividend.

Dividends (distributions)	Franked amount per security	Amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil

OTHER

Net tangible assets

Net tangible assets per security with the comparative figure for the previous corresponding period:

Current period: 1.5 cents

Previous corresponding period: 3 cents

Control gained over entities having material effect

iQ3Corp has neither gained control nor lost control over an entity during the period which has had a material effect.

Details of associates

For details of the Company's associates, refer to page 21 of attached 31 December Half-Year Financial Report.

Half Year Accounts

The accounts are not subject to dispute or qualification by the auditor.

iQ3Corp Ltd and Consolidated Entities

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iQ3Corp Ltd and Consolidated Entities

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Financial Statements

For the Half Year Ended 31 December 2016

iQ3Corp Ltd and Consolidated Entities

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For the Half Year Ended 31 December 2016

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Directors' Report

31 December 2016

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the half-year ended 31 December 2016.

General information

1. Information on directors

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

Names	Position	Appointed/Resigned
Spiro Kevin Sakiris	Executive Director	06/09/2012
Kosmas Dimitriou	Non-Executive Director	15/07/2013
Peter Coolentianos	Non-Executive Director	02/10/2014
Akira Yoshida	Non-Executive Director	02/10/2014

Principal activities

The principal activity of the Group during the half year was the provision of capital raising and corporate advisory services to unlisted companies in the Life Science industry.

No significant changes in the nature of the Company's activity occurred during the half year.

2. Operating results and review of operations for the year

Operating results

In 1H FY17, iQ3Corp Ltd achieved its maiden operating profit during its second full year of operations after successfully listing on the ASX on 18th May 2015. Operating profit, before accounting for FX and other differences was \$166K compared to an operating loss of \$813K in the previous corresponding period, a favourable variance of 120%. The change in profitability was driven by a change in revenue to \$2,595K, up 116% on the previous corresponding period's \$1,200K. This increase in revenue is due to new clients and new corporate advisory projects. Our increasing revenue stream is further strengthened with \$962K accounted for in revenue received in advance. This revenue will be recognised once these projects are completed.

Review of operations

iQ3Corp's services to date have comprised of:

- Initial public offerings
- Listings
- Private equity
- M&A
- Buy-side advisory
- Structured finance
- Underwritings

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Directors' Report (continued)

31 December 2016

Review of operations (continued)

Most of the services were offered in relation to cross border transactions to companies with significant IP and the engagement mandates have been extended to include significant milestones to be realised until the year 2020.

Our revenue model is a hybrid consisting of retainer fees, fixed contract fees and success fees. Our assignments are usually mid to long term and the fee structure is a combination of fee for service and success fee.

The Company, through its subsidiary, iQ Capital (USA) LLC, was granted an investment banking licence in the USA. iQ Capital (USA) LLC is now registered by the Securities & Exchange Commission and has been admitted to membership of the Financial Industry Regulatory Authority (FINRA). This will provide our life science clients with the access to capital markets in the USA. Most importantly this cross border arbitrage will generate more business for iQ3Corp through local clients that wish to engage investment banking services in the USA. This solidifies our strategy in developing our role as the key APAC-USA partner for the life science companies.

Our Chinese subsidiary commenced operations with an office in Shanghai being established during 1H FY17, allowing iQ3Corp to create strategic alliances with Chinese partners, commence a systematic business development process and gain a better understanding of the Chinese market drivers and players. The objective of iQ3Corp is to match Chinese funds with Australian IP and Life Science companies.

iQ3Corp Ltd's expenditure to date is consistent with its business objectives.

3. Other items

Significant changes in state of affairs

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

Events after the reporting date

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

Director's Remuneration

Mr Spiro Sakiris, as part of his remuneration as an executive director of iQ3Corp Ltd, was entitled to 90,000 shares, with rights to acquire these shares in 4 years if certain objectives are achieved. These objectives will be assessed by the board at the completion of the 12 month employment period.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2016 has been received and can be found on page 7 of the financial report.

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

Director:



Spiro Kevin Sakiris

Dated this 28th day of February 2017

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Auditor's Independence Declaration

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016, there have been:

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

FORTUNITY ASSURANCE

A handwritten signature in black ink, appearing to read 'TR Davidson', is written over a light grey circular stamp or watermark.

TR Davidson
Partner

155 The Entrance Road, Erina, NSW

Dated: 28 February, 2017

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Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue	3	2,595,484	1,200,912
Cost of sales		(358,493)	(366,978)
Employee benefits expense	4	(1,010,649)	(926,188)
Shared overhead costs		(310,275)	(164,635)
Depreciation and amortisation expense	4	(19,261)	(12,301)
Other expenses		(726,489)	(543,533)
Finance costs	4	(4,199)	(221)
Profit / (loss) before income tax		166,118	(812,944)
Income tax expense		-	-
Profit / (loss) for the half year		166,118	(812,944)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		(40,257)	-
Fair value unrealised losses on available-for-sale financial assets		(216,751)	-
Other comprehensive income for the period		(257,008)	-
Total comprehensive loss for the period		(90,890)	(812,944)
Earnings per share			
Basic earnings per share (cents)		0.16	(0.01)
Diluted earnings per share (cents)		0.16	(0.01)

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Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	189,803	378,402
Trade and other receivables	6	1,278,831	823,303
Prepayments		60,336	62,322
Other current assets	7	1,099,180	765,086
TOTAL CURRENT ASSETS		2,628,150	2,029,113
NON-CURRENT ASSETS			
Property, plant and equipment	8	217,841	204,869
Intangible assets	9	152,691	152,691
Investment in associate	16(a)	557,446	620,874
Other financial assets	16(b)	165,752	382,503
TOTAL NON-CURRENT ASSETS		1,093,730	1,360,937
TOTAL ASSETS		3,721,880	3,390,050
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,020,797	556,160
Deferred revenue		961,827	1,011,829
Employee benefit liabilities	11	71,589	63,504
TOTAL CURRENT LIABILITIES		2,054,213	1,631,493
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		2,054,213	1,631,493
NET ASSETS		1,667,667	1,758,557
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	12	6,556,185	6,556,185
Reserves	13	(175,458)	81,550
Accumulated losses		(4,713,060)	(4,879,178)
TOTAL EQUITY		1,667,667	1,758,557

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Statement of Changes in Equity

For the Half Year Ended 31 December 2016

2016	Ordinary Shares \$	Foreign Currency Translation Reserve \$	Financial Assets Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	6,556,185	81,550	-	(4,879,178)	1,758,557
Profit for the period	-	-	-	166,118	166,118
Other comprehensive loss	-	(40,257)	(216,751)	-	(257,008)
Total comprehensive income / (loss) for the period	-	(40,257)	(216,751)	166,118	(90,890)
Transactions with owners					
Capital raising costs	-	-	-	-	-
Balance at 31 December 2016	6,556,185	41,293	(216,751)	(4,713,060)	1,667,667
2015					
	Ordinary Shares \$	Foreign Currency Translation Reserve \$	Financial Assets Reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	6,729,070	-	-	(2,889,885)	3,839,185
Loss for the period	-	-	-	(812,944)	(812,944)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(812,944)	(812,944)
Transactions with owners					
Capital raising costs	(85,658)	-	-	-	(85,658)
Balance at 31 December 2015	6,643,412	-	-	(3,702,829)	2,940,583

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Statement of Cash Flows

For the Half Year Ended 31 December 2016

	31 December 2016	31 December 2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,398,815	415,292
Payments to suppliers and employees	(2,177,258)	(2,176,881)
Interest received	627	11,642
Interest paid	(4,199)	(221)
Net cash provided by / (used in) operating activities	<u>217,985</u>	<u>(1,750,168)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from / (payment for) investment in associate	-	(528,000)
Acquisition of other investments	-	(6,704)
Payment for capital work in progress	(334,094)	(275,999)
Purchase of property, plant and equipment	(32,233)	(104,891)
Net cash used in investing activities	<u>(366,327)</u>	<u>(915,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of capital raising costs	-	(85,658)
Proceeds from borrowings	-	95,393
Net cash (used in) / provided by financing activities	<u>-</u>	<u>9,735</u>
Net decrease in cash and cash equivalents held	(148,342)	(2,656,027)
Cash and cash equivalents at beginning of year	378,402	3,846,198
Net effect of exchange rate changes on cash	(40,257)	-
Cash and cash equivalents at end of half year	5 <u>189,803</u>	<u>1,190,171</u>

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Notes to the Financial Statements

For the Half Year Ended 31 December 2016

The half-year financial report covers iQ3Corp Ltd and its consolidated entities ("the Group"). iQ3Corp Ltd and Consolidated Entities is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of iQ3Corp Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

This condensed interim financial report for the reporting period ending 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of iQ3Corp Ltd. As such, it does not contain information that represents relatively insignificant changes occurring during the half year within iQ3Corp Ltd. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of iQ3Corp Ltd for the year ended 30 June 2016, together with any public announcements made during the half year.

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated and the *Corporations Act 2001*.

2. Summary of Significant Accounting Policies

(a) Revenue and Other Income

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

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

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

Rendering of Services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

(b) Finance Costs

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

(c) Property, Plant and Equipment

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

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

Depreciation

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

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

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

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

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

(d) Financial Instruments

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

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

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Financial Assets

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

- loans and receivables;
- available-for-sale investments

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

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

(i) Loans and receivables

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

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

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

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

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

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

(ii) 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.

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

(d) Financial Instruments (continued)

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Financial liabilities

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

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

(e) Cash and Cash Equivalents

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

(f) Employee Benefits

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

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(g) Earnings Per Share

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

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

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

(h) Share Capital

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

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company's option, and any dividends are discretionary.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

(i) Basis for Consolidation

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

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

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

A list of controlled entities is contained in Note 16 to the financial statements.

Subsidiaries

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

Associates

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

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

2. Summary of Significant Accounting Policies (continued)

(j) Business Combinations

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

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

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

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

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

3. Revenue and Other Income

	31 December 2016 \$	31 December 2015 \$
Revenue from continuing operations		
Revenue		
- Corporate advisory services fees	2,223,216	896,914
- Shared services	371,641	292,356
	<u>2,594,857</u>	<u>1,189,270</u>
Finance Income		
- other interest received	627	11,642
Total revenue	<u>2,595,484</u>	<u>1,200,912</u>

4. Result for the Half Year

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

Finance costs

- Other interest expense	4,199	221
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Other expenses:

- Employee benefits expense	1,010,649	926,188
- Depreciation of property, plant and equipment	19,261	12,301

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

5. Cash and Cash Equivalents

	31 December 2016 \$	30 June 2016 \$
Cash at bank and on hand	189,803	378,402

6. Trade and Other Receivables

CURRENT		
Trade receivables	504,654	5,000
Other receivables	339,950	189,142
Related party receivables	434,227	629,161
Total current trade and other receivables	1,278,831	823,303

7. Other Current Assets

Deposits paid	865	861
Rental bond	50,047	50,047
Capital work in progress	1,048,268	714,178
Total current trade and other receivables	1,099,180	765,086

8. Property, Plant and Equipment

	31 December 2016 \$	30 June 2016 \$
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	77,514	72,773
Accumulated depreciation	(31,222)	(22,986)
Total plant and equipment	46,292	49,787
Furniture, fixtures and fittings		
At cost	68,276	41,316
Accumulated depreciation	(7,444)	(4,917)
Total furniture, fixtures and fittings	60,832	36,399
Leasehold Improvements		
At cost	135,511	135,511
Accumulated amortisation	(24,794)	(16,828)
Total leasehold improvements	110,717	118,683
Total property, plant and equipment	217,841	204,869

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

8. Property, Plant and Equipment (continued)

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

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

	Plant and Equipment	Furniture, Fixtures and Fittings	Leasehold Improvement	Total
	\$	\$	\$	\$
Year ended 31 December 2016				
Balance at the beginning of year	49,787	36,399	118,683	204,869
Additions	5,273	26,960	-	32,233
Depreciation expense	(8,768)	(2,527)	(7,966)	(19,261)
Balance at the end of the half year	46,292	60,832	110,717	217,841
Year ended 30 June 2016				
Balance at the beginning of year	45,913	12,584	46,421	104,918
Additions	19,137	27,089	84,034	130,260
Depreciation expense	(15,263)	(3,274)	(11,772)	(30,309)
Balance at the end of the year	49,787	36,399	118,683	204,869

9. Intangible Assets

	31 December 2016 \$	30 June 2016 \$
Software Development Costs	152,691	152,691
Total Intangibles	152,691	152,691

10. Trade and Other Payables

	31 December 2016 \$	30 June 2016 \$
CURRENT		
Unsecured liabilities		
Trade payables	325,943	218,935
Sundry payables and accrued expenses	559,462	307,999
Related party payables	135,392	29,226
	1,020,797	556,160

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

11. Employee Benefits Liabilities

	31 December 2016 \$	30 June 2016 \$
CURRENT		
Employee benefits	71,589	63,504
	<u>71,589</u>	<u>63,504</u>

12. Issued Capital

	31 December 2016 \$	30 June 2016 \$
101,816,667 (2016: 101,816,667) fully paid ordinary shares	6,556,185	6,556,185
	<u>6,556,185</u>	<u>6,556,185</u>

(a) Movements in ordinary share capital

	No.	No.
At the beginning of the reporting period	101,816,667	101,816,667
Shares issued during the year:		
Issues of shares, net of transaction costs	-	-
At the end of the reporting period	<u>101,816,667</u>	<u>101,816,667</u>

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

The Company does not have authorised capital or par value in respect of its shares. Any movements in share capital in the interim period ended 31 December 2016 represent transaction and capital raising costs.

13. Reserves

	31 December 2016 \$	30 June 2016 \$
Foreign currency translation reserve	41,293	81,550
Financial asset reserve	(216,751)	-
	<u>(175,458)</u>	<u>81,550</u>

iQ3Corp Ltd and Consolidated Entities

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

14. Dividends

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

15. Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the half year is shown below:

	31 December 2016	31 December 2015
	\$	\$
Short-term employee benefits	267,842	224,551
Post-employment benefits	23,521	19,424
	<u>291,363</u>	<u>243,975</u>

16. Interests in Subsidiaries/Associates

	Principal place of business / Country of Incorporation	Percentage Owned (%)* December 2016	Percentage Owned (%)* June 2016
Subsidiaries:			
iQ Group (Global) LLC	USA	100	100
The Biotech Company Pty Ltd	Australia	100	100
Sonholdings LLC (T/AS Son Enterprise in NY)	USA	100	100
iQ Capital (USA) LLC	USA	100	100
The iQ Capital (Operations) LLC	USA	100	100
Associates:			
New Frontier Holdings LLC	USA	40	40

*The percentage of ownership interest held is equivalent to the percentage voting rights.

(a) Investment in associate accounted for using equity method

	31 December 2016	30 June 2016
Reconciliation to carrying amount:	\$	\$
Opening balance	1,413,338	-
Net asset at acquisition	-	1,413,338
Movement in loan account	(19,722)	-
Profit / (loss) for the period	-	-
Other comprehensive income	-	-
Closing net assets	<u>1,393,616</u>	<u>1,413,338</u>
Consolidated entity's share in %	40%	40%

iQ3Corp Ltd and Consolidated Entities

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

16. Interests in Subsidiaries/Associates (continued)

	31 December 2016 \$	30 June 2016 \$
Consolidated entity's share at acquisition	557,446	565,335
Foreign translation differences	-	55,539
Consolidated entity's share at reporting date	<u>557,446</u>	<u>620,874</u>

(b) Other financial assets carried at fair value

	31 December 2016 \$	30 June 2016 \$
Shares in listed company	<u>165,752</u>	<u>382,503</u>

17. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (30 June 2016: None).

18. Segment information

The Group has identified its operating segments based on internal reporting that is reviewed and used by the CEO and COO in assessing the performance of the respective segments.

The operating segments are identified by management based on the nature of services provided, with each operating segment representing a strategic business that serves a different segment of the market.

The services provided by iQ3 are corporate advisory services to related parties and are accounted for in the financial statements as revenue.

iQ3Corp Ltd and Consolidated Entities

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Notes to the Financial Statements (continued)

For the Half Year Ended 31 December 2016

19. Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	Shared services revenue	Corporate advisory services revenue	Consulting fees paid	Shared overhead costs	Owed to/(by) the company
Related parties	371,641	2,223,216	(170,538)	(310,275)	768,448

20. Events Occurring After the Reporting Date

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

21. Company Details

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

iQ3Corp Ltd and Consolidated Entities
Level 6, 222 Clarence Street
SYDNEY NSW 2000

iQ3Corp Ltd and Consolidated Entities

A.C.N. 160 238 282

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 22 in accordance with the *Corporations Act 2001* including:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. give a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date
2. In the director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director



.....
Spiro Kevin Sakiris

Dated 27th day of February 2017
this

iQ3Corp Ltd and Consolidated Entities

ACN: 160 238 282

Independent Auditor's Review Report to the members of iQ3Corp Ltd and Consolidated Entities

Independent Auditor's Report

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iQ3Corp Ltd and Consolidated Entities, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of iQ3Corp Ltd and Consolidated Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of iQ3Corp Ltd and Consolidated Entities, would be in the same terms if given to the directors as at the time of this auditor's report.

iQ3Corp Ltd and Consolidated Entities

ACN: 160 238 282

Independent Auditor's Review Report to the members of iQ3Corp Ltd and Consolidated Entities

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of iQ3Corp Ltd and Consolidated Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

FORTUNITY ASSURANCE

A handwritten signature in black ink, appearing to read 'TR Davidson', is written over a light grey circular watermark or seal.

TR Davidson
Partner

155 The Entrance Road, Erina, NSW

Dated: 28 February, 2017