

ASX Appendix 4E – Preliminary Financial Result

Reporting Period: Twelve months ending 30 June 2018
Previous Corresponding Period: Twelve months ending 30 June 2017

Section A: Results for announcement to the market

	2018	Percentage change	Amount change
Revenue from ordinary activities	6,462,082	10%	586,794
Loss from ordinary activities after tax	(1,062)	98%	48,533
Loss from ordinary activities after tax attributable to owners	(1,062)	98%	48,533

	Dividend	Amount per security	Franked amount per security
Dividends			
Final dividend in respect of the twelve months ending 30 June 2018:	NIL	NIL	NIL

Net tangible assets per security	2018	2017
Net tangible assets per security (cents per security)	1.59	0.82

Section B: Commentary on results

Commentary for the preliminary results of the twelve months ending 30 June 2018 is contained in the ASX Limited (ASX) release and on pages 2 to 3 of this announcement.

Additional information

This report is based on unaudited financial statements which are currently in the process of being audited. The financial statements included in the 2018 Annual Report are likely to contain an unqualified independent audit report.

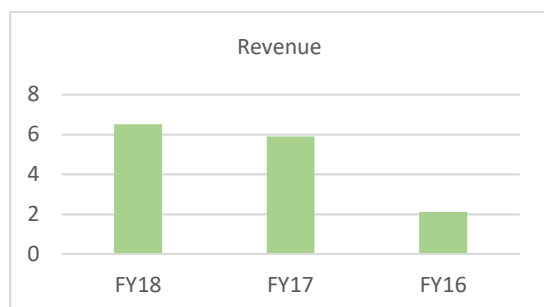
Additional Appendix 4E requirements can be found on pages 4 to 26 of this announcement.

Commentary on results

- Revenue increase of 10%;
- Gross profit increase of 1%;
- Results approaching breakeven;
- Net cash generated in operating activities increased by \$0.6m

\$A millions Change	FY18	FY17	
Revenue	6.5	5.9	0.6
Gross profit	5.2	5.1	0.1
Loss after tax	0.0	0.0	-
Cash generated/(used) in operations	0.4	(0.2)	0.6

The financial results in 2018 were as planned, with a continued growth in revenue. On a year on year comparison, revenue grew 10% and net profit after tax ended close to break even.



iQ3Corp has invested significantly in its Human Capital, as it increases operational capabilities.

In this past year iQ3Corp has provided advisory and consulting services on a number of disruptive life science projects. Working with Boards and Chief Executives to determine the optimal business model for commercialising new life science IP including market entry, funding, licensing and partnering strategies, identifying counterparties for both local business and expanding on or off-shore.

Operating highlights

- iQ3Corp results are approaching a position of breakeven, due to expanded deal flow, whilst at the same time increased its capacity through the expansion of its team;
- iQ Capital in collaboration with iQ3Corp and the APAC business unit in Shanghai now able to effectively execute cross border arbitrage transactions, ultimately resulting in capital and deal flow, across USA, Australia and China;
- iQ3Corp developed the compliance and technical infrastructure to enable digital capital raising;
- iQ3Corp has continued to develop its research and analytics services for the life science sector;
- iQ3 has continued to expand specialist services for its clients in life science deal flow, capital raising and corporate advisory services.

About iQ3Corp

Australia is one of the leading life science hubs of the world and is home to over 900 life science companies. It has numerous esteemed medical research organisations and is recognised for its world class science and medical research. The Australian Life Science industry is largely made up of small organisations in the early stages of research and development and typically with one or a few compounds or technologies under development.

Across the board, the industry is considered to be underfunded and whilst capital markets exist as a potential source of capital to finance the research activities of Life Science companies, scientific research in the industry is largely funded by the government and not for profit organisations.

iQ3Corp is the world's first dedicated life

science corporate finance and advisory firm
committed to supporting life science
companies that create novel therapeutics
and/or diagnostics that will one day make a
difference to society.

We achieve this by advising life science
companies on their most critical financial
decisions, which include capital raisings,
recapitalisations and restructures, mergers
and acquisitions, and corporate strategy.

IQ3CORP LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Revenue	3	6,462,082	5,875,288
Cost of sales		(1,309,404)	(775,334)
Gross profit		5,152,678	5,099,954
Employee benefits expense	4(c)	(2,946,613)	(2,072,036)
Office sharing cost		(639,442)	(665,227)
Depreciation expense		(41,091)	(62,575)
Other expenses	4(d)	(1,180,720)	(1,701,726)
Consultancy fees		(241,398)	(549,496)
Finance costs	4(b)	(27,316)	(9,591)
Finance income	4(a)	973	1,245
Share of loss of associated companies net of tax		(78,133)	(90,143)
Loss before income tax		(1,062)	(49,595)
Income tax expense		-	-
Net loss for the period		(1,062)	(49,595)

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

	<i>Note</i>	2018	2017
Basic loss per share (cents per share)	14	(0.00)	(0.05)
Diluted loss per share (cents per share)	14	(0.00)	(0.05)

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

IQ3CORP LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Net loss for the period		(1,062)	(49,595)
Other comprehensive income		-	-
Items that are or may be reclassified subsequently to profit or loss when specific conditions are met:			
Foreign currency translation differences for foreign operations	13	(1,188)	(176,829)
Fair value unrealised losses on available-for-sale financial assets	13	(2,550)	(255,002)
Other comprehensive profit/(loss) for the period, net of tax		(3,738)	(431,831)
Total comprehensive profit/(loss) for the period		(4,800)	(481,426)

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

IQ3CORP LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Assets			
Current assets			
Cash	5	512,927	165,807
Trade and other receivables	6	1,252,903	786,391
Prepayments		13,691	93,036
Other current assets	7	12,644	51,223
Total current assets		1,792,165	1,096,457
Non-current assets			
Property, plant and equipment	8	96,799	239,314
Intangible assets	9	274,010	631,162
Investment in Associate	15(b)	456,119	440,226
Other investments	15(c)	124,951	127,501
Deferred tax assets		-	-
Total non-current assets		951,879	1,438,203
Total Assets		2,744,044	2,534,660
Liabilities			
Current liabilities			
Trade and other payables	10	473,346	636,109
Deferred revenue		-	-
Provisions	11	-	27,054
Employee benefit liabilities	12	370,305	402,270
Total current liabilities		843,651	1,065,433
Non-current liabilities			
Deferred tax liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		843,651	1,065,433
Net assets		1,900,393	1,469,227
Equity			
Contributed equity	13	7,184,247	6,748,281
Reserves	13	(354,019)	(350,281)
Accumulated losses		(4,929,835)	(4,928,773)
Total equity		1,900,393	1,469,227

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

IQ3CORP LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	Contributed equity	Foreign currency translation reserve	Financial assets reserve	Accumulated losses	Total
Balance at 1 July 2017	6,748,281	(95,279)	(255,002)	(4,928,773)	1,469,227
Total comprehensive loss for the period					
Loss for the period	-	-	-	(1,062)	(1,062)
Other comprehensive profit for the period	-	(1,188)	(2,550)	-	(3,738)
Total comprehensive loss for the period	-	(1,188)	(2,550)	(1,062)	(4,800)
Transactions with owners recorded directly in equity					
Transaction costs	8,466	-	-	-	8,466
Issue of convertible notes	427,500				427,500
Total transactions with owners recorded directly in equity	435,966	-	-	-	435,966
Balance at 30 June 2018	7,184,247	(96,467)	(257,552)	(4,929,835)	1,900,393
Balance at 1 July 2016	6,556,185	81,550	-	(4,879,178)	1,758,557
Total comprehensive loss for the period					
Loss for the period	-	-	-	(49,595)	(49,595)
Other comprehensive loss for the period	-	(176,829)	(255,002)	-	(431,831)
Total comprehensive loss	-	(176,829)	(255,002)	(49,595)	(481,426)
Transaction with owners recorded directly in equity					
Capital raising costs	(12,904)				(12,904)
Transaction costs	205,000	-	-	-	205,000
Balance at 30 June 2017	6,748,281	(95,279)	(255,002)	(4,928,773)	1,469,227

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

IQ3CORP LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

<i>In dollars</i>	<i>Note</i>	2018	2017
Cash flows from operating activities			
Receipts from customers		6,614,724	4,392,179
Payments to suppliers and employees		(6,210,514)	(4,587,063)
Interest received		973	1,245
Interest paid		(27,316)	(211)
Income tax paid		-	-
Net cash generated/(used) in operating activities	18	377,867	(193,850)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(97,020)
Investment in associates		(94,026)	-
Purchase of intangible assets		(363,033)	(27,500)
Net cash used in investing activities		(457,059)	(124,520)
Cash flows from financing activities			
Proceeds from issue of share capital		427,500	-
Proceeds from loyalty option deposits		-	205,000
Share issue transaction costs		-	(12,904)
Net cash generated from/(used) in financing activities		427,500	192,096
Net increase/(decrease) in cash and cash equivalents		348,308	(126,274)
Cash and cash equivalents at the beginning of the period		165,807	378,402
Effect of movements in exchange rates on cash held		(1,188)	(86,321)
Cash and cash equivalents at the end of the period	5	512,927	165,807

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

1. REPORTING ENTITY

iQ3Corp Ltd (“iQ3Corp” or the “Company”) is a for-profit company limited by shares which is incorporated and domiciled in Australia.

These consolidated financial statements (“financial statements”) as at and for the year ended 30 June 2018 comprise of the Company and its subsidiaries (collectively referred to as the “Group”).

These financial statements were authorised for issue by the Board of Directors on 20 August 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

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

Basis of consolidation

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

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars (AUD) at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into AUD at the average exchange rate of the month in which the transaction occurs. Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goods and Services Tax ("GST") and Value Added Tax ("VAT")

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

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

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

Uses of judgements and estimates

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

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

(i) Judgements

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

(ii) Estimates

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements, including about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2018 are included in the following notes:

- Note 15 – Investments; and
- Note 11 – Provisions.

(iii) Measurement of fair values

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of judgements and estimates (continued)

(iii) Measurement of fair values (continued)

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

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

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

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments

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

(ii) AASB 15 Revenue from contracts with customers

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

(iii) AASB 16 Leases

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

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

IQ3CORP LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

3. REVENUE

<i>In dollars</i>	2018	2017
Capital raising and corporate advisory fees	4,514,710	5,249,484
Sales of fixed assets ¹	950,000	-
Office and shared services revenue	997,372	625,804
Total revenue (from related parties)	6,462,082	5,875,288

¹ The sale of fixed assets was for the development of the Capital Labs platform. This was developed with the intention to be onsold.

Significant accounting policies

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

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

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

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

Rendering of services

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

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

4. INCOME AND EXPENSES

(a) Finance income

<i>In dollars</i>	2018	2017
Interest income	973	1,245

(b) Finance costs

<i>In dollars</i>	2018	2017
Bank fees	10,557	9,380
Interest expense	16,759	211
Total finance costs	27,316	9,591

Significant accounting policies

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

4. INCOME AND EXPENSES (CONTINUED)

(c) Employee benefit expenses

<i>In dollars</i>	2018	2017
Wages and salaries	2,276,379	1,846,381
Bonus	366,851	-
Compulsory superannuation contributions	240,835	158,003
Increase in liability for annual leave	62,548	67,652
Total employee benefit expense	2,946,613	2,072,036

(d) Other expenses

<i>In dollars</i>	2018	2017
Accounting fees	102,728	19,223
Advertising and marketing	105,808	92,508
Travel and accommodation	8,183	86,517
Listing costs and prospectus costs	27,976	53,612
Occupancy costs	222,302	588,392
Legal and consultancy fees	13,610	335,418
Other	700,113	526,056
Total other expenses	1,180,720	1,701,726

IQ3CORP LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

5. CASH

<i>In dollars</i>	2018	2017
Bank balances	512,927	165,807

Significant accounting policies

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

6. TRADE AND OTHER RECEIVABLES

<i>In dollars</i>	2018	2017
Trade receivables	161,212	5,000
Other receivables	17,296	58,851
Related party receivables	1,074,395	722,540
Total trade and other receivables	1,252,903	786,391
Current	1,252,903	786,391
Non-current		-
Total trade and other receivables	1,252,903	786,391

Significant accounting policies

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

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

7. OTHER CURRENT ASSETS

<i>In dollars</i>	2018	2017
Deposits paid	280	705
Rental bond	9,970	50,518
Capital work in progress	2,394	-
Total other current assets	12,644	51,223

8. PROPERTY, PLANT AND EQUIPMENT

Cost

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Cost at 1 July 2016	41,316	135,511	72,773	249,600
Additions	29,168	30,589	37,263	97,020
Balance at 30 June 2017	70,484	166,100	110,036	346,620
Additions	1,923	-	6,007	7,930
Disposal	(29,442)	(151,175)	(5,310)	(185,927)
Effect of movement in foreign exchange	(362)	-	1,619	1,257
Balance at 30 June 2018	42,603	14,925	112,352	169,880

Accumulated depreciation

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Balance at 1 July 2016	4,917	16,828	22,986	44,731
Depreciation for the year	5,963	38,388	18,224	62,575
Balance at 30 June 2017	10,880	55,216	41,210	107,306
Depreciation for the year	5,230	12,539	23,500	41,269
Disposal	(8,166)	(64,311)	(2,964)	(75,441)
Effect of movement in foreign exchange	(584)	-	531	(53)
Balance at 30 June 2018	7,360	3,444	62,277	73,081

Carrying amount

<i>In dollars</i>	Furniture, fixtures and fittings	Leasehold improvements	Plant and equipment	Total
Carrying balance at 30 June 2017	59,604	110,884	68,826	239,314
Carrying balance at 30 June 2018	35,243	11,481	50,075	96,799

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant accounting policies

Carrying value

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

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

Depreciation

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

- Leasehold improvements – 3 to 5 years
- Plant and equipment – 3 to 10 years
- Furniture, fittings and equipment – 3 to 5 years

Impairment

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

Gains and losses on disposal

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

9. INTANGIBLE ASSETS

<i>In dollars</i>	Licenses	Website and software	Total
Cost at 1 July 2016	-	152,691	152,691
Additions	262,867	215,604	478,471
Balance at 30 June 2017	262,867	368,295	631,162
Additions	-	188,351	188,351
Foreign translation impact on opening balances	11,143	-	11,143
Sales of capital labs platform		(556,646)	(556,646)
Balance at 30 June 2018	274,010	-	274,010

Significant accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

Impairment

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

10. TRADE AND OTHER PAYABLES

<i>In dollars</i>	2018	2017
Trade payables	42,093	411,495
Sundry payables and accrued expenses	566,638	150,989
Related party payables	(135,385)	73,625
Total trade and other payables	473,346	636,109
Current	473,346	636,109
Non-current	-	-
Total trade and other payables	473,346	636,109

Significant accounting policies

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

11. PROVISIONS

<i>In dollars</i>	Make good	Total
Balance at 1 July 2016	-	-
Provisions made during the period	27,054	27,054
Balance at 30 June 2017	27,054	27,054
Movements during the period	(27,054)	(27,054)
Balance at 30 June 2018	-	-

Significant accounting policies

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

Make-good provisions

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

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

IQ3CORP LTD AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

12. EMPLOYEE BENEFIT LIABILITIES

<i>In dollars</i>	2018	2017
Liability for annual leave	193,704	131,156
Liability for superannuation	84,309	67,467
Liability for payroll	92,292	203,647
Provision for bonus	-	-
Total employee benefit liabilities	370,305	402,270
Current	370,305	402,270
Non-current	-	-
Total trade and other payables	370,305	402,270

Significant accounting policies

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

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

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

13. CAPITAL AND RESERVES

Share capital

	Number of shares	\$
In issue at 1 July 2016	101,816,667	6,556,185
Deposits received on application	-	205,000
Transaction costs	-	(12,904)
In issue at 30 June 2017	101,816,667	6,748,281
Loyalty options converted to ordinary shares	2,108,334	632,500
Less: loyalty option deposits paid in prior period	-	(205,000)
Refund of transaction costs	-	8,466
In issue at 30 June 2018	103,925,001	7,184,247

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

13. CAPITAL AND RESERVES (CONTINUED)

Share capital (continued)

The Company does not have authorised capital or par value in respect of its shares. All issued shares are fully paid. Any movements in share capital for the year ending 30 June 2018 represent transaction and capital raising costs.

(i) Capital management

Management control the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

(ii) Loyalty options

As at the period FY17, iQ3Corp had 7,150,000 Loyalty options on issue which were exercisable at 30c between 24 and 36 months from the date of admission of the Company to the Official List of the ASX (being 14 May 2015). The option holder must hold one underlying share for each option to be exercised as at date of exercising.

Each convertible note holder was also entitled to one (1) Loyalty option for every share issued upon conversion of the convertible notes. This entitled the option holder to subscribe for, and be allotted, one additional ordinary share in the capital of the Company at an exercise price of \$0.30 per share.

Options were able to be exercised between the period commencing 24 months and ending within 36 months from the date upon which the shares to which the options are attached were admitted to the ASX.

As at the date of this report, iQ3Corp has no Loyalty options on issue which are outstanding.

Significant accounting policies

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

Reserves

<i>In dollars</i>	2018	2017
Foreign currency translation reserve		
Balance at start of period	(95,279)	81,550
Movement in translation of foreign operations taken to equity, net of tax	(1,188)	(176,829)
Balance at end period	(96,467)	(95,279)
Financial asset revaluation reserve		
Balance at start of period	(255,002)	-
Movement in the fair value of financial assets	(2,550)	(255,002)
Balance at end of period	(257,552)	(255,002)
Total reserves	(354,019)	(350,281)

13. CAPITAL AND RESERVES (CONTINUED)

(i) Foreign currency translation reserve (FCTR)

The FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

(ii) Financial asset revaluation reserve

The financial asset revaluation reserve represents the cumulative increase/(decrease) in fair value of available-for-sale financial investments.

Dividends

No dividends were declared or paid by the Company for the year (2017: nil).

14. EARNINGS PER SHARE (EPS)

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

Loss attributable to ordinary shareholders

<i>In dollars</i>	2018	2017
Loss for the period attributable to owners of iQ3Corp Ltd	(1,062)	(49,595)

Weighted-average number of ordinary shares

<i>In number of shares</i>	2018	2017
Weighted-average number of ordinary shares at end of the period	102,196,858	101,816,667

Earnings per share

<i>In cents per share</i>	2018	2017
Basic loss per share	(0.00)	(0.05)
Diluted loss per share	(0.00)	(0.05)

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

Diluted earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares which has been adjusted to reflect the number of shares which would be issued if outstanding options and performance rights were to be exercised. However due to the statutory loss attributable to the Company for both the current period ended 30 June 2018, and the comparative period ended 30 June 2017, the effect of these instruments has been excluded from the calculations of diluted earnings per share for both periods as they would reduce the loss per share.

15. INVESTMENTS

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

(a) Interests in subsidiaries and associates

Entity name	Country of incorporation	Ownership interest 2018	Ownership interest 2017
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%
Capital Labs Pty Ltd	Australia	100%	100%
Shanghai Zhizhi Investment Consulting Co., Ltd	China	100%	-
Associates			
New Frontier Holdings LLC ("New Frontier")	USA	40%	40%
Nereid Enterprises Pty Ltd	AUS	40%	40%
Nereid Enterprises LLC	USA	40%	40%

(b) Investment in associate accounted for using equity method

<i>In dollars</i>	2018	2017
Reconciliation to carrying amount		
Net asset balance at start of period	1,100,565	1,243,277
Net asset at acquisition	-	-
Profit/(Loss) for the period	39,733	(142,712)
Other comprehensive income	-	-
Net asset balance at end of period	1,140,298	1,100,565
Consolidated entity's share in %	40%	40%
Consolidated entity's share at acquisition	456,119	440,226
Adjustment posted in following period	-	-
Consolidated entity's share at reporting date	456,119	440,226

15. INVESTMENTS (CONTINUED)

(c) Other financial assets carried at fair value

<i>In dollars</i>	2018	2017
Shares in listed company	124,951	127,501

Significant accounting policies

Subsidiaries

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

Associates

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

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

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

Shares in listed companies

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value at measurement date.

16. OPERATING LEASES

The Group leases a number of office facilities under operating leases. The leases are non-cancellable and run for a period of 1 to 6 years, with an option to renew the lease after that date. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4.25% per annum. The lease allows for subletting of all lease areas.

Future minimum lease payments

As at 30 June 2018, the future minimum lease payments under non-cancellable leases were payable as set out in the following table.

<i>In dollars</i>	2018	2017
Less than one year	198,979	111,849
Between one and five years	1,129,165	-
More than five years	-	-
Total future minimum lease payments	1,328,144	111,849

Amounts recognised in the profit or loss

<i>In dollars</i>	2018	2017
Lease expense	209,202	309,110

Significant accounting policies

Leases of property, plant and equipment where the business, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the business will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the business as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

17. CONTINGENCIES

The Group has no contingent liabilities or assets as at the reporting date (2017: None).

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

<i>In dollars</i>	2018	2017
Cash flows from operating activities		
Loss for the period	(1,062)	(49,595)
Adjustments for:		
Depreciation	41,091	62,575
Share of loss from associated companies	78,133	90,143
	118,162	103,123
Changes in:		
Trade and other receivables	(466,512)	36,912
Prepayments	79,345	(30,714)
Other assets	-	262,892
Trade and other payables	705,891	79,949
Deferred revenue	-	(1,011,829)
Provisions	(27,054)	27,054
Employee benefits	(31,965)	338,763
	259,705	(296,973)
Net cash generated/(used) in operating activities	377,867	(193,850)

CORPORATE DIRETORY

ACN 160 238 282

Directors

Peter Coolentianos, *Chair*

Kosmas Dimitriou

Jimena Hurtado

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Auditors

MNSA Pty Ltd

283 George Street

Sydney NSW 2000

Stock exchange listings

IQ3Corp Ltd shares are listed on the ASX Limited (ASX:IQ3).

Website address

www.iQ3Corp.com