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## CORPORATE DIRECTORY

### **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](http://www.iQ3Corp.com)

## CHAIR'S REPORT

The iQ3Corp team has continued to successfully set the groundwork to implement the company's strategy and objectives. We have continued to invest in the development of the company's distribution base across Australia and the USA, building the company's profile in the Life Science Industry and positioning the company in the capital markets.

Revenue in FY18 was \$6.5 compared to \$5.9m in the prior corresponding period, reflecting our continued expansion of activity in specialist life science corporate advisory activities in FY18.

The net loss, after tax of the group for the year ended 30 June 2018, was \$1,062 (2017: \$49,595), which represents a substantial improvement from last year, continuing the expenditure required for investing in the required infrastructure to execute the Company's strategy. The improvement in the accounts can be identified from the general growing opportunities that Life Science projects are creating in Australia. IQ3's specialised skills allowed us to capitalise on these opportunities. These industry opportunities including the acquisition and licensing of life science assets for new and existing clients, generated greater levels of corporate advisory work for iQ3Corp which was reflected in the company's improved cashflow and made evident in the improved Profit & Loss result for the year as disclosed in the accounts.

During the year we welcomed Jimena Hurtado to the board replacing the retiring Akira Yoshida whom we wish the very best in his endeavours. Jimena brings a wealth of experience in the Life Science sector and we look forward working with her.

Finally, I would like to thank my fellow board of directors and their executive management team for the continuing commitment and professionalism they have displayed during the year. Without this dedicated team of individuals, we could not deliver the core mandate of making a difference in the Australian Life Science sector by giving it access to capital markets in Australia and giving this sector, the opportunity to capitalise on its ability to become a major global force internationally.



Peter Coolentianos  
Chair

## OPERATING AND FINANCIAL REVIEW

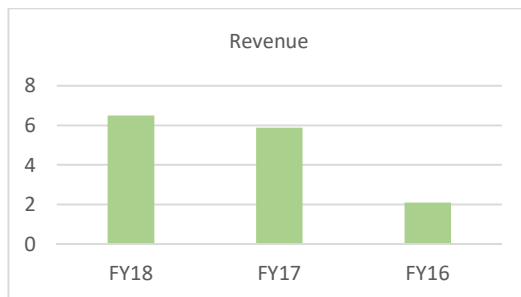
The Operating and Financial Review ("OFR") is provided to assist shareholders' understanding of the performance of iQ3Corp Ltd and its subsidiaries (collectively referred to as the "Group") and the factors underlying the Group's results and financial position for the period 1 July 2017 to 30 June 2018.

### SUMMARY OF FINANCIAL 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	FY18	FY17	Change
Revenue	6.5	5.9	0.6
Gross profit	5.2	5.1	0.1
Loss after tax	0.0	0.0	-
Cash 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 to break even.



iQ3Corp had invested significantly in its Human Capital, as we increase 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

- iQ Capital 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;
- iQ3 Capital in collaboration with iQCorp 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;
- iQ3 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.

## DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of iQ3Corp Ltd ("iQ3Corp" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at and for the half year ended 30 June 2018.

### DIRECTORS

The names of Directors who held office of the Company at any time during the financial year and at the date of this report, together with information on their qualifications, experience, special responsibilities, other listed company directorships and details, are as follows.

#### **Spiro Kevin Sakiris**

Executive Director

**Appointed: 6 September 2012**

**Resigned: 4 December 2017**

*Bachelor of Business (University of Technology, Sydney), Diploma of Law (Legal Practitioners Admissions Board of NSW), Member Institute of Chartered Accountants Australia, ASIC RG 146 Compliant*

Spiro is a Chartered Accountant with over 31 years' experience in the accounting profession. This includes 23 years as a partner at Economos Chartered Accountants where he was instrumental in the development of the firm's practice. During his 31 years of experience, Spiro has been involved in advising businesses in the areas of accounting and taxation, business advisory, initial public offerings and capital raisings, business risk identification and management and business systems designs across many industries including health and science. Spiro is also well versed in dealings with companies based in overseas jurisdictions such as Asia, Europe and the United States. Spiro is also a registered company auditor and tax agent.

He is a Responsible Manager under the Australian Financial Services License [AFSL No. 451144] held by iQX Investment Services Pty Ltd (a subsidiary of iQX Limited). These companies operate in the Life Science sector respectively focusing on intellectual property management and investments in this sector.

#### **Kosmas Dimitriou**

Non-Executive Director

**Appointed: 15 July 2013**

*Bachelor Commerce Laws (University of Western Sydney), Diploma of Legal practice (Tax) (University of Sydney)*

Kosmas is a tax lawyer with over 18 years' experience in taxation, holding senior roles in the profession and commerce. Kosmas also advises the government and ATO on tax policy and tax law design.

Kosmas is currently the non-executive chairman of iQX Limited, a company listed on the National Stock Exchange of Australia.

Kosmas serves as a member of the Audit and Risk Management Committee, and the Remuneration and Nomination Committee, for iQ3Corp Ltd.

#### **Peter Coolentianos**

Independent Non-Executive

**Chairman Appointed: 2 October 2014**

*Bachelor of Financial Administration (University of New England), Member CPA Australia, ASIC RG 146 Compliant*

Peter has 34 years' experience in providing accounting and business services. During the period of his experience, Peter has been involved in providing taxation and business advice, including business structuring, business sales and acquisitions, commercial dispute resolution, taxation and superannuation structure support and advice.

## DIRECTORS (CONTINUED)

Peter was previously a partner at Economos Chartered Accountants for 22 years and now currently operates his own accountancy practice.

Peter serves as a member of the Audit and Risk Management Committee, and the Remuneration and Nomination Committee, for IQ3Corp Ltd.

### Akira Yoshida

Independent Non-Executive Director

Appointed: 2 October 2014

Resigned: 13 February 2018

*Bachelor of Arts – Tokyo University of Foreign Studies, Bachelor of Commerce – University of NSW, Member Institute of Chartered Accountants Australia*

Akira has been member of the Institute of Chartered Accountants in Australia since 1985. His 34 years of experience include Manager at Ernst & Young, Associate Director – Asia Business at Baillieu Knight Frank, operating his own accounting practice in Australia, and various other senior reporting positions within Japanese companies.

During this period, Akira has been involved in providing business and taxation advisory services, utilised his fluency in Japanese and English together with his detailed understanding of business and finance to match Australian investments with Japanese capital. Akira also has experience in negotiating sales and acquisitions of Australian investments to Asian investors.

Akira is a registered company auditor in Australia. Akira currently resides in Tokyo Japan and travels regularly to Australia.

### Jimena Hurtado

Non - Executive Director

Appointed: 13 February 2018

*MBA – Australian Institute of Business*

Jimena has over 18 years' experience across the pharmaceutical and medical device industry in leadership roles spanning general management, business development to key stakeholders in the industry, human resources, training, talent management and staff development.

Jimena is General Manage of Clinical Research Corporation Pty Ltd. This has resulted in executing pioneering strategies, growing the business and developing its presence in the market to position it as a strategic Medical Affairs business paerter which provides scientific advisory, medical affairs, market

access, government and public relation services to the pharmaceutical and medical device industry throughout the entire product development lifecycle, from pre-clinical through to pre-launch to maturity.

Jimena serves as a member of the Audit and Risk Management Committee, and the Remuneration and Nomination Committee, for IQ3Corp Ltd.

## COMPANY SECRETARY

### Gerardo Incollingo

Gerardo was appointed Company Secretary on 22 August 2016. Gerardo is Managing Director of LCI Partner's, a firm of accountants.

## PRINCIPAL ACTIVITIES

During the year the principal activity for the Group consisted of the provision of capital raising and corporate advisory services to listed and unlisted companies in the Life Science industry.

## DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

## REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the operating and financial review ("OFR") on page 6 of this annual report.

Information in the OFR is provided to enable shareholders to make an informed assessment about the Group's strategies and prospects for future financial years. Details that could give rise to likely material detriment to the Group (for example, information that is commercially sensitive, is confidential or could give a third party commercial advantage) has not been included.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect the Company's operations or results of those operations or the Company's state of affairs.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

## ENVIRONMENTAL REGULATION

The Directors recognise the importance of environmental and workplace health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees.

The operations of the Group are not subject to any particular and significant environmental regulation under the laws of the Commonwealth of Australia or any of its states or territories.

Based on results of enquiries made, the Board is not aware of any significant breaches of environmental regulations during the period covered by this report.

## MEETINGS OF DIRECTORS

The number of Directors' meetings held (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Full meetings of directors		Meetings of committees			
			Audit & Risk Management		Remuneration & Nomination	
	A	B	A	B	A	B
Kosmas Dimitriou	5	5	-	-	-	-
Peter Coolentianos	5	5	1	1	1	1
Jimena Hurtado (appointed 13 February 2018)	-	-	-	-	-	-
Spiro Sakiris (resigned 4 December 2017)	5	5	1	1	1	1
Akira Yoshida (resigned 13 February 2018)	5	5	1	1	1	1

A – Eligible to attend

B - Attended

## REMUNERATION REPORT

The Remuneration Report is set out on pages 9 to 14 and forms part of the Directors' Report for the year ended 30 June 2018.

## DIRECTORS INTERESTS

The relevant interests of each Director in the equity of the Company at the date of this report are set out in the following table.

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of additional Ordinary Shares subject to escrow
Spiro Kevin Sakiris (resigned 4 Dec 2017)	21,000,000	-	-
Peter Coolentianos	133,334	-	-
Akira Yoshida	150,000	-	-

#### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Company and those named and referred to above including the directors, company secretaries, officers and certain employees of the Company and related bodies corporate as defined in the insurance policy. The insurance is appropriate pursuant to section 199B of the *Corporations Act 2001 (Cth)*.

In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium

#### INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2018, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

#### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

#### NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, MNSA Pty Ltd during the year ended 30 June 2018.

Details of the amounts paid to the auditor of the Company, MNSA Pty Ltd and its network firms for audit services provided during the year ended 30 June 2018 are disclosed in note 24 of the consolidated financial statements.

#### AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the half year ended 30 June 2018.

#### ROUNDING OF AMOUNTS

The amounts in the consolidated financial statements have been rounded off to the nearest dollar in accordance with ASIC Corporation Instrument 2016/191.

#### USE OF FUNDS

In accordance with ASX Listing Rule 4.10.19, the Company states that for the whole of the reporting period it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

The Company believes it has used its cash in a consistent manner to which was disclosed under the Replacement Prospectus dated 23 February 2015.

The Directors' Report is signed in accordance with a resolution of the Directors.



Jimena Hurtado  
Director

Sydney  
28 September 2018



## REMUNERATION REPORT (AUDITED)

This remuneration report outlines the remuneration arrangements for Non-Executive Directors, Executive Directors and other Key Management Personnel (“KMP”) of the Company for the financial year ended 30 June 2018.

The information in this report has been audited as required by section 308(3C) of the Corporations Act 2001. The report is presented under the following sections:

1. Key management personnel covered in this report
2. Remuneration governance
3. Executive KMP remuneration arrangements
  - A. Remuneration principles and strategy
  - B. Detail of incentive plans
4. Executive KMP remuneration outcomes (including link to performance)
5. Executive KMP contractual arrangements
6. Non-executive director arrangements
7. Additional disclosures relating to options and shares

### 1. KEY MANAGEMENT PERSONNEL (KMP)

The table below outlines the KMP at any time during the financial year, and unless otherwise indicated, they were KMP for the entire year.

Name	Position	Term as KMP
<b>Non-Executive Directors</b>		
Peter Coolentianos	Independent Non-Executive Chairman	Entire year
Kosmas Dimitriou	Non-Executive Director	Entire year
Jimena Hurtado	Non-Executive Director	Start 13 February 2018
Akira Yoshida	Independent Non-Executive Director	Until 13 February 2018
<b>Executive Directors</b>		
Spiro Sakiris	Chief Operating and Financial Officer	Until 4 December 2017
<b>Senior Executives</b>		
Dr George Symmalis	Chief Executive Officer	Entire year

### 2. REMUNERATION GOVERNANCE

The Board has established a Remuneration and Nomination Committee (“RNC”) to assist and advise it on remuneration and recruitment policies and practices, which is currently comprised of the following members:

Committee member	
Peter Coolentianos	Chair of the RNC
Jemena Hurtado	Member
Kosmas Dimitriou	Member

Ms Hurtado replaced Mr Yoshinda on the 13 February 2018

## 2. REMUNERATION GOVERNANCE (CONTINUED)

The key responsibility of the RNC is to assist the Board in its oversight of the:

- remuneration framework and policy for Executive and employee reward;
- determination of appropriate Executive reward, including advice on structure, quantum and mix;
- determination of achievement of performance measures included in any variable remuneration plan;
- compliance with applicable legal and regulatory requirements; and
- board size, composition and succession planning.

A full charter outlining the RNC's responsibilities is available at: [www.IQ3corp.com/corporate-governance/](http://www.IQ3corp.com/corporate-governance/).

## 3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

### 3A Remuneration principles and strategy

In FY18 the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined in 3B below. The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice. Remuneration levels are considered annually through a remuneration review which considers market data and the performance of the Group and individual.

### 3B Detail of incentive plans

#### Short-term incentive (STI)

The Company operates an annual STI program available to executives and awards a cash incentive subject to the attainment of clearly defined Group and business unit measures.

Who participates?	Spiro Sakiris and Dr George Syrmalis
How is STI delivered?	Cash
What is the STI opportunity?	Up to 25% of base salary
What are the performance conditions for FY18?	Individual performance goals against annual plans.
How is performance assessed?	On an annual basis, after consideration of performance against key performance indicators (KPI).

#### Long-term incentives (LTI)

The Company operates an LTI program via the Employee Benefits Plan (EBP). EBP grants are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term.

The following table explains the key features of the LTI awards offered to Executives during FY18.

### 3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS (CONTINUED)

Long-term incentives (LTI) (continued)

Who participates?	All employees of the Group.
How is LTI delivered?	Entitlement to shares and performance rights.
What are the performance conditions for the FY18 grant?	Individual performance goals against annual plans.
How is performance assessed?	At the end of the relevant performance period, the Company will determine whether and to what extent the participant has satisfied the applicable performance criteria.
When does the award vest?	Awards vest after a total of three years' continual service following achievement of the applicable performance criteria.
How are grants treated on termination?	The participant must be a current employee at vesting date in order to be entitled to shares.
How are grants treated if a change of control occurs?	If a takeover bid or other offer is made to acquire some or all of the issued shares of the Company, participants will generally be entitled to request that all performance rights vest immediately, regardless of whether the relevant performance conditions have been satisfied.
Do participants receive distributions or dividends on unvested EBP grants?	Participants do not receive distributions or dividends on unvested EBP grants.

### 4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR 2018

#### Group performance and its link to STI

Short-term incentive payments or EBP awards were made in the period to 30 June 2018 (see table below for details). No short-term incentive payments or EBP awards were made in the period 30 June 2017.

#### Executive KMP remuneration disclosure for the year ended 30 June 2018

The following table of executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2017 to 30 June 2018.

KMP		Short Term				Post employ- ment	Share based payments		Total	
Name	Year	Base salary	Cash bonus	Non- cash benefit	Other	Super- annuation	Options	Shares	Total	Perfor- mance related %
Spiro	2018	199,375	56,250	-	-	23,493	-	-	279,118	20%
Sakiris	2017	160,096	-	1,598	-	14,250	-	-	175,944	-
Dr George	2018	333,984	105,469	-	-	41,748	-	-	481,201	22%
Symalis	2017	300,180	-	-	-	26,720	-	-	326,900	-
<b>Total</b>	<b>2018</b>	<b>533,359</b>	<b>161,719</b>	<b>-</b>	<b>-</b>	<b>65,241</b>	<b>-</b>	<b>-</b>	<b>760,319</b>	<b>21%</b>
<b>executive</b>	<b>2017</b>	<b>460,276</b>	<b>-</b>	<b>1,598</b>	<b>-</b>	<b>40,970</b>	<b>-</b>	<b>-</b>	<b>502,844</b>	<b>-</b>
<b>KMP</b>										

## 5. EXECUTIVE KMP CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for executive KMP are formalised in employment agreements. The key terms and conditions of executive employment agreements for the year ended 30 June 2018 are outlined in the table below.

Executive	Position	Effective date	Fixed annual remuneration <sup>1</sup>	Term	Executive notice period	Company notice period <sup>2</sup>	Termination payment <sup>3</sup>
Dr George Symmalis	Chief Executive Officer	01 October 2017	\$384,961	Ongoing	6 months	6 months	Superannuation will be paid irrespective of the termination benefits cap under the Corporations Act.

<sup>1</sup> Fixed Annual Remuneration includes base salary plus superannuation contributions in accordance with Superannuation Guarantee legislation.

<sup>2</sup> The Company may terminate employment immediately and without notice in certain circumstances, including where the executive has committed a serious or persistent breach of their employment agreement or where the executive has been dishonest or fraudulent in the course of performing their duties.

<sup>3</sup> Subject to the termination benefits cap under the Corporations Act, with the exception superannuation as detailed above.

## 6. NON-EXECUTIVE DIRECTOR (NED) ARRANGEMENTS

### Determination of fees and maximum aggregate NED fee pool

The Board seeks to set NED fees at a level which provides the Company with the ability to attract and retain NEDs of the highest caliber, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Company provides that non-executive directors, other than a Managing Director or an Executive Director, are entitled to director's fees as determined by the Directors, but not exceeding in aggregate for any financial year, the maximum sum that is from time to time approved by the Company in General Meeting. At the date of this report this maximum sum is \$300,000 (inclusive of superannuation).

### Fee policy

NED fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by NEDs who serve on board committees. The chair of the board attends all committee meetings but does not receive any additional committee fees in addition to base fees. NEDs may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

## 6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS (CONTINUED)

### Non-executive remuneration disclosure for the year ended 30 June 2018

The following table of non-executive remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2017 to 30 June 2018. All amounts are in AUD.

NED	Year	Board and Committee fees	Non-cash benefits	Super-annuation	Total	Performance Related %
Kosmas Dimitriou	2018	34,401	-	2,509	36,910	-
	2017	31,963	-	3,037	35,000	-
Jimena Hurtado (appointed 13/2/18)	2018	13,863	-	1,317	15,180	-
	2017	-	-	-	-	-
Peter Coolentianos	2018	36,530	-	3,470	40,000	-
	2017	31,963	-	3,037	35,000	-
Akira Yoshida (resigned 13/2/18)	2018	23,333	-	-	23,333	-
	2017	35,000	-	-	35,000	-
<b>Total NED</b>	<b>2018</b>	<b>108,127</b>	<b>-</b>	<b>7,296</b>	<b>115,423</b>	<b>-</b>
	<b>2017</b>	<b>98,926</b>	<b>-</b>	<b>6,074</b>	<b>105,000</b>	<b>-</b>

## 7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

### Movements in Equity Holdings of KMP

The following table sets out the movement during the reporting period in the number of ordinary shares in iQ3Corp Ltd held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2017	Granted as remuneration	Received on exercise of options	Net change other	Forfeited	Held at 30 June 2018
<b>Non-executive Directors</b>						
Kosmas Dimitriou	-	-	-	-	-	-
Akira Yoshida	150,000	-	-	-	-	150,000
Peter Coolentianos	66,667	-	66,667	-	-	133,334
<b>Total NED</b>	<b>216,667</b>	<b>-</b>	<b>66,667</b>	<b>-</b>	<b>-</b>	<b>283,334</b>

## 7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES (CONTINUED)

### Movements in Equity Holdings of KMP (continued)

KMP	Held at 1 July 2017	Granted as remuneration	Received on exercise of options	Net change other	Forfeited	Held at 30 June 2018
<b>Executive Directors</b>						
Spiro Sakiris	20,875,000	-	125,000	(19,750,000)	-	1,250,000
<b>Senior Executives</b>						
Dr George Symmalis	20,495,112	-	-	-	-	20,495,112
<b>Total Other KMP</b>	<b>41,370,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,745,112</b>
<b>Total KMP</b>	<b>41,586,779</b>	<b>-</b>	<b>191,667</b>	<b>(19,750,000)</b>	<b>-</b>	<b>22,028,446</b>

### Movements in Options of KMP

The following table sets out the movement during the reporting period in the number of pre-IPO options granted in IQ3Corp Ltd held directly, indirectly, or beneficially by KMP including their related parties.

KMP	Held at 1 July 2017	No. granted as remun- eration	No. ex options	No. cancelled	No. forfeited	Held at 30 June 2018
<b>Non-executive Directors</b>						
Kosmas Dimitriou	-	-	-	-	-	-
Akira Yoshida	-	-	-	-	-	-
Peter Coolentianos	66,667	-	(66,667)	-	-	-
<b>Executive Directors</b>						
Spiro Sakiris	125,000	-	(125,000)	-	-	-
<b>Senior Executives</b>						
Dr George Symmalis	-	-	-	-	-	-
<b>Total KMP</b>	<b>191,667</b>	<b>-</b>	<b>(191,667)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of IQ3Corp. Limited (**IQ3Corp**) is responsible for the corporate governance of IQ3Corp. The Board guides and monitors the business of IQ3Corp on behalf of its shareholders.

IQ3Corp and its Board of Directors (**Board**) continue to be fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of IQ3Corp's corporate governance policies and practices as fundamental to IQ3Corp's successful growth.

The Board has included in its corporate governance policies those matters contained in the ASX Limited Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**ASX Recommendations**) where applicable. However, the Board also recognises that full adoption of the ASX Recommendations may not be practical or provide the optimal result given the particular circumstances of IQ3Corp.

This corporate governance statement is effective as at 30 September 2018. It has been approved by the Board and outlines IQ3Corp's corporate governance policies and practices that it has adopted.

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<b>Principle 1: Lay solid foundations for management and oversight</b> <i>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i>		
<b>Recommendation 1.1</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>a) The respective roles and responsibilities of its board and management; and</li> <li>b) Those matters expressly reserved to the board and those delegated to management</li> </ul>	Yes	<p>The Board has adopted a Board Charter which clearly sets out the way IQ3Corp is governed and articulates the division of responsibilities between the Board and the Executive Team.</p> <p>The Board is responsible for the overall operation and stewardship of IQ3Corp and, in particular, is responsible for the long-term growth and profitability of IQ3Corp. The Charter was most recently reviewed and amended in January 2015 and may be reviewed by the Board as required. A copy of the Board Charter is available at <a href="http://www.iq3corp.com/corporate-governance/">http://www.iq3corp.com/corporate-governance/</a>.</p> <p>The Board has established two Committees. They are:</p> <ul style="list-style-type: none"> <li>• Audit and Risk Committee (<b>A&amp;R Committee</b>); and</li> <li>• Remuneration and Nomination Committee (<b>R&amp;N Committee</b>).</li> </ul> <p><u>Delegation to the Executive Team</u></p> <p>The Board has delegated to the Executive Team responsibility for implementing IQ3Corp's strategic direction and for the general and overall management of IQ3Corp.</p>
<b>Recommendation 1.2</b> A listed entity should:	Yes	<p>Prior to appointing a Director or putting forward a new candidate for election, appropriate screening checks are undertaken as to the person's criminal history and bankruptcy history.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp										
<div><div>a)</div>Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</div> <div><div>b)</div>Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</div>		When presenting a Director for re-election, iQ3Corp provides shareholders with all material information in iQ3Corp’s possession relevant to a decision whether or not to elect or re-elect a director.										
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment	Yes	New Directors consent to act as a Director and receive a formal letter of appointment which sets out their duties and responsibilities, rights, remuneration, entitlements and other terms of their appointment.  Each Executive is employed under a Service Agreement which sets out the terms upon which they are employed including details such as duties and responsibilities, rights, term of employment and remuneration. The Service Agreement also sets out the circumstances in which the employment of the Executive may be terminated by either IQ3Corp or the Executive, including details of the notice periods required to be given by either party, and the amounts payable to the Executive in lieu of notice where applicable.										
<b>Recommendation 1.4</b> The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	Yes	The Company Secretary is responsible for the operation and management of iQ3Corp’s secretariat function. The Company Secretary reports to the Chairman (on behalf of the Board) with respect to the proper functioning of the Board. Each member of the Board has access to the Company Secretary. The appointment and removal of the Company Secretary is determined by the Board.										
<b>Recommendation 1.5</b> A listed entity should: <div><div>a)</div>Have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</div> <div><div>b)</div>Disclose that policy or a summary of it</div> <div><div>c)</div>Disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity’s diversity policy and its progress towards achieving them, and either:<div><div>(i)</div>The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined ‘senior executive’ for</div></div>	No – Refer Comments	<div>IQ3Corp’s Diversity Policy describes IQ3Corp’s approach to diversity and inclusion and how these attributes are to be embedded in IQ3Corp’s culture.</div> <div>IQ3Corp is an equal opportunity employer, which employs and promotes on the basis of merit. IQ3Corp’s Diversity Policy extends beyond gender and recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, gender, ethnicity and experience. IQ3Corp believes its diverse workforce is the key to its continued growth, improved productivity and performance. IQ3Corp does not have measurable objectives in place and does not comply with Recommendation 1.5. However, the Board feels that through being an equal opportunity employer, which employs and promotes on the basis of merit, iQ3Corp is already achieving gender diversity within the organisation as reflected in the following table:</div> <table><tr><td></td><td>Proportion of Women</td></tr><tr><td>Whole organisation <i>(exc. board)</i></td><td>43%</td></tr><tr><td>Senior executives</td><td>50%</td></tr><tr><td>Management</td><td>0%</td></tr><tr><td>Specialist</td><td>50%</td></tr></table>		Proportion of Women	Whole organisation <i>(exc. board)</i>	43%	Senior executives	50%	Management	0%	Specialist	50%
	Proportion of Women											
Whole organisation <i>(exc. board)</i>	43%											
Senior executives	50%											
Management	0%											
Specialist	50%											



ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp						
these purposes); or  (ii) If the entity is a ‘relevant employer’ under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.			<table><tr><td>Investor Relations</td><td>0%</td></tr><tr><td>Administration</td><td>100%</td></tr></table>	Investor Relations	0%	Administration	100%	
Investor Relations	0%							
Administration	100%							
		IQ3Corp’s Diversity Policy is published on iQ3Corp’s website at: <a href="http://www.iQ3Corp.com.au/corporate-governance/">http://www.iQ3Corp.com.au/corporate-governance/</a>						
<b>Recommendation 1.6</b> A listed entity should:  a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and  b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Yes	<u>Evaluation of Board and Individual Directors</u>  As stated in the Board Charter and the R&N Committee Charter, the Committee has developed a process for ensuring that the performance of the Board and its Committees are reviewed periodically. IQ3Corp’s policies provide for the Board to regularly review its own performance and the performance of individual Directors.  An independent review of the performance of the Board may be conducted from time to time.  As at the end of the reporting period, iQ3Corp has not conducted a performance evaluation in relation to the reporting period. The Board intends to conduct a performance evaluation periodically.						
<b>Recommendation 1.7</b> A listed entity should:  a) Have and disclose a process for periodically evaluating the performance of its senior executives; and  b) Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The performance of senior executives is reviewed against specific measurable and qualitative indicators set out in the relevant executive’s Service Agreement, which may include:  ➤ Financial measure of iQ3Corp’s performance ➤ Achievement of strategic objectives; and ➤ Achievement of key operational targets  During the reporting period performance evaluations of the senior executives were undertaken by iQ3Corp in accordance with these processes.						
<b>Principle 2: Structure the Board to add value</b> <i>A listed entity should have a Board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively</i>								
<b>Recommendation 2.1</b> The Board of a listed entity should:  a) Have a Nomination Committee which:  (i) Has at least three members, a majority of whom are independent directors; and	Yes	The Board has established a R&N Committee. The R&N Committee is currently comprised of Mr Peter Coolentianos, Mr Kosmas Dimitriou and Ms Jemena Hurtado (all non-executive Directors). Mr Coolentianos is the Chairman of the R&N Committee and is considered by the Board to be an independent Director. Mr Akira Yoshinda was an independent member of the R&N Committee for part of the reporting period, resigning on 13 February 2018. Mr Hurtado was appointed to the Committee on 13 February 2018.						

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<p>(ii) Is chaired by an independent director, and disclose:</p> <p>(iii) The charter of the Committee</p> <p>(iv) The members of the Committee</p> <p>(v) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have a Nomination Committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>For a majority of the reporting period, the R&amp;N Committee comprised of three members, two of which were independent. The R&amp;N Committee does not currently have a majority of independent Directors and does not comply with Recommendation 2.1. Given the size of iQ3Corp, however, the Board is confident that the Committee has the breadth of experience necessary to effectively meet all the requirements under the Charter.</p> <p>The R&amp;N Committee has adopted a formal Charter that is available on IQ3Corp's website.</p> <p>The number of times the R&amp;N Committee has met and attendance by members during the reporting period is disclosed in iQ3Corp Annual Report.</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership</p>	<p>No – Refer Comments</p>	<p>iQ3Corp seeks to maintain a Board of Directors with a broad range of commercial and other skills, experiences and knowledge relevant to overseeing the business of a contract sales organisation.</p> <p>Whilst the Board does not have a formal board skills matrix, and therefore does not comply with Recommendation 2.2, the Board does have regard to the existing skill sets of directors when considering new appointments.</p>
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>a) The names of the Directors considered by the Board to be independent Directors;</p> <p>b) If a Director has an interest, position, association or relationship of the type described in box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>c) The length of service of each Director</p>	<p>Yes</p>	<p>iQ3Corp considers a Director to be independent if the Director is independent of management and free of any business or other relationship that could materially interfere, or be perceived as interfering, with the exercise of an unfettered and independent judgement in relation to matters concerning 's business.</p> <p>Mr Peter Coolentianos is considered by the Board to be independent members of the Board.</p> <p>The length of service of each Director is as follows:</p> <ul style="list-style-type: none"> <li>➤ Mr Peter Coolentianos, 3 years and 11 months;</li> <li>➤ Mr Kosmas Dimitriou, 5 years and 2 months;</li> <li>➤ Ms Jemina Hurtado, 7 months.</li> </ul>
<p><b>Recommendation 2.4</b></p>	<p>Do No – Refer Comments</p>	<p>The Board is comprised of three members (Mr Peter Coolentianos, Mr Kosmas Dimitriou, and Ms Jemina Hurtado) and has a majority of non-executive Directors. Mr Coolentianos is considered by the Board to be</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
A majority of the Board of a listed entity should be independent Directors		<p>independent. Mr Dimitriou is also a Director of a related party, IQX Ltd, and is not considered independent. Ms Hurtado is a Director of a related party, Clinical Research Corporation Pty Ltd (a subsidiary of iQNovate Limited), and is also not considered independent.</p> <p>Accordingly, iQ3Corp does not have a majority of independent Directors and does not comply with Recommendation 2.4. Accordingly, iQ3Corp does not have a majority of independent Directors and does not comply with Recommendation 2.4. The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors considering the size and complexity of the business.</p> <p>The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors considering the size and complexity of the business.</p>
<b>Recommendation 2.5</b> The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity	Yes	The Chairman of the Board is Mr Peter Coolentianos, an independent, non-executive Director.
<b>Recommendation 2.6</b> A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.	Yes	<p>A new Director is offered an induction and training program about iQ3Corp, its policies and charters and the Director's roles and responsibilities. New Directors also have the opportunity to meet with key management staff.</p> <p>As part of its ongoing review of its own performance and skill set, the Board provided professional development opportunities by updating Directors on skillsets required specific to the organisation.</p>
<b>Principle 3: Act Ethically and responsibly</b> <i>A listed entity should act ethically and responsibly</i>		
<b>Recommendation 3.1</b> A listed entity should: <ul style="list-style-type: none"> <li>a) Have a code of conduct for its Directors, senior executives and employees; and</li> <li>b) Disclose that code or a summary of it</li> </ul>	Yes	<p>The Board insists on the highest ethical standards from all officers and employees of IQ3Corp and is conscious to ensure appropriate corporate professional conduct at all times. As such, the Board has adopted a Code of Conduct to provide a set of guiding principles which must be observed by all Directors, senior executives and employees of IQ3Corp.</p> <p>A copy of the Code of Conduct is available on iQ3Corp website.</p>
<b>Principle 4: Safeguard integrity in corporate reporting</b> <i>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting</i>		
<b>Recommendation 4.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>a) Have an Audit Committee which:               <ul style="list-style-type: none"> <li>(i) Has at least three members, all of whom are</li> </ul> </li> </ul>	No – Refer Comments	<p>The Board has established an A&amp;R Committee to provide assistance to the Board and has adopted a formal Charter for the Committee. A copy of the Committee's Charter is available on iQ3Corp website. The A&amp;R Committee is currently comprised of Mr Peter Coolentianos, Mr Kosmas Dimitriou and Ms Jemina Hurtado (all non-executive Directors). Mr Coolentianos is the Chairman of the A&amp;R Committee and is considered by the Board to be an independent Director. Mr Akira Yoshinda was an independent member of the A&amp;R</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<p>non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) Is chaired by an independent Director, who is not the chair of the Board,</p> <p>and disclose:</p> <p>(iii) The Charter of the Committee;</p> <p>(iv) The relevant qualifications and experience of the members of the Committee; and</p> <p>(v) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) If it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>Committee for part of the reporting period, resigning on 13 February 2018. Mr Hurtado was appointed to the R&amp;N Committee on 13 February 2018.</p> <p>IQ3Corp does not comply with Recommendation 4.1. The Board considers that the size of the A&amp;R Committee is generally appropriate with regards to the size and complexity of the business and that the appointment of a majority of independent members will achieve an equally compliant outcome.</p> <p>During the subsequent reporting period, the Board will consider whether it is necessary or appropriate to make a further appointment to the A&amp;R Committee.</p> <p>The qualifications and experience of the members of the A&amp;R Committee, the number of times the Committee has met and the respective member attendees during the reporting period are disclosed in the Annual Report.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>In addition to the role of the Audit and Risk Committee in reviewing and reporting on the financial statements, prior to the financial statements for a financial year being presented to the Board for their approval, the CEO and CFO provide the Board with a declaration that, in their opinion, the financial records of iQ3Corp have been properly maintained in accordance with the Corporations Act and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of iQ3Corp and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>The Auditor is invited to attend each Annual General Meeting of iQ3Corp, and to be available to answer shareholder questions about the conduct of the audit and preparation and content of the Auditor's Report.</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<b>Principle 5: Make timely and balanced disclosure</b> <i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i>		
<b>Recommendation 5.1</b> A listed entity should: <ul style="list-style-type: none"> <li>a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>b) Disclose that policy or a summary of it.</li> </ul>	Yes	<p>IQ3Corp has adopted a Continuous Disclosure Policy to ensure that iQ3Corp effectively discharges its disclosure obligations in compliance with the Listing Rules in order to keep the market informed of events and developments relating to iQ3Corp and its affairs.</p> <p>IQ3Corp Continuous Disclosure Policy is available on iQ3Corp's website.</p>
<b>Principle 6: Respect the rights of security holders</b> <i>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</i>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	<p>IQ3Corp website contains information about iQ3Corp which may assist an investor in making an informed decision about iQ3Corp.</p> <p>IQ3Corp's website includes information regarding its governance and relevant policies:  <a href="http://www.iQ3Corp.com.au/corporate-governance/">http://www.iQ3Corp.com.au/corporate-governance/</a></p>
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>IQ3Corp has established a formal Shareholder Communications Strategy and takes appropriate measures to keep shareholders informed about its activities.</p> <p>IQ3Corp communicates with its shareholders through its annual report, disclosures to the ASX, at the Annual General Meeting (AGM) and via iQ3Corp's website. In addition, shareholders have the opportunity to elect to receive relevant documentation electronically from iQ3Corp, via iQ3Corp's Registry and can communicate with iQ3Corp via email.</p> <p>Through various means of communication, iQ3Corp aims to provide shareholders with a clear and balanced understanding of the aims and objectives of iQ3Corp. Copies of all relevant corporate governance documents relating to iQ3Corp can be found in the corporate governance section of iQ3Corp's website.</p> <p>All shareholders have the opportunity to attend the Annual General Meeting and submit questions.</p>
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>Shareholders are encouraged to attend and participate at general meetings. Accordingly, the Board will ensure that meetings are held during normal business hours and at a location considered to be most convenient for the greatest possible number of shareholders to attend. The full text of notices and accompanying materials will be included on iQ3Corp's website. Information will be presented in a clear and concise manner and designed to provide shareholders and the market with full and accurate information.</p> <p>At the Annual General Meeting, the Chairman followed the process of addressing any relevant questions from shareholders. In addition, iQ3Corp ensured that iQ3Corp's auditor attended the AGM or other meetings</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
		of IQ3Corp and shareholders were afforded the opportunity of asking IQ3Corp's Auditor questions regarding the conduct and content of the audit.
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	IQ3Corp encourages its shareholders to receive communications from it and its share registry electronically.
<b>Principle 7: Recognise and manage risk</b> <i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i>		
<b>Recommendation 7.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li>a) Have a Committee or Committees to oversee risk, each of which: <ul style="list-style-type: none"> <li>(i) Has at least three members, a majority of whom are independent directors; and</li> <li>(ii) Is chaired by an independent director, and disclose <ul style="list-style-type: none"> <li>(iii) The Charter of the Committee</li> <li>(iv) The members of the Committee; and</li> <li>(v) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>b) If it does not have a Risk Committee or Committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework</li> </ul>	No – Refer Comments	<p>The Board has overall responsibility to ensure that there is a sound system of risk management and internal controls across the business. Due to the size of IQ3Corp and scale of operations of its business, IQ3Corp does not have a separate Risk Committee, but rather a combined Audit and Risk Committee.</p> <p>The Board has delegated responsibility for the identification, assessment and management of risks relating of both 's internal and external controls to 's Audit and Risk Committee.</p> <p>See item 4.1 for details of the composition of the Audit and Risk Committee.</p> <p>The number of times the Committee has met and attendance by members during the reporting period is disclosed in IQ3Corp Annual Report.</p> <p>The Board considers this to be an appropriate alternative to the requirements for a majority of independent Directors on the Audit and Risk Committee considering the size and complexity of the business.</p>
<b>Recommendation 7.2</b> The Board or a Committee of the Board should: <ul style="list-style-type: none"> <li>a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> </ul>	Yes	The Board of IQ3Corp retains overall responsibility of IQ3Corp's Risk Management framework with the assistance of the Audit & Risk Committee. It understands that the management of risk is a continuous process and an integral part of good business management and corporate governance. IQ3Corp operates within the services sector, and is therefore exposed to a range of risks, which include (but are not limited to) market, operational, regulatory and reputational risks.

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<p>b) Disclose, in relation to each reporting period, whether such a review has taken place.</p>		<p>The Audit &amp; Risk Committee is responsible for the co-ordination and continued improvement of the Risk Management Framework. The Risk Management Framework has been designed to allow the Board to oversee the risk management process with assistance from the Audit &amp; Risk Committee and management. The Board is responsible for setting iQ3Corp's risk appetite and ensures that it regularly reviews the risk profile for the business.</p> <p>During the reporting period the Audit &amp; Risk Committee has considered and reported to the Board on a review of iQ3Corp's Risk Management Framework. Both the Audit &amp; Risk Committee and the Board is satisfied that the Risk Management Framework in place in respect of iQ3Corp is sound.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>a) If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Yes</p>	<p>iQ3Corp does not at this time have an internal audit function. At present iQ3Corp has in place comprehensive processes for evaluating and continually improving the effectiveness of its Risk Management Framework and its internal Financial Control Process. See Recommendation 7.2 above for further details.</p> <p>The Board has overall responsibility for the Risk Management Framework including receiving regular reports from the Audit &amp; Risk Committee on the risk profile of iQ3Corp. The Audit &amp; Risk Committee provides assistance to the Board to fulfil its oversight responsibility for risk management.</p> <p>The Risk Management Framework has been designed to allow the Board to oversee the risk management process with assistance from the Audit &amp; Risk Committee and management. The Board is responsible for setting iQ3Corp's risk appetite and ensures that it reviews the risk profile for the business.</p> <p>During the reporting period, the Audit &amp; Risk Committee has considered and reported to the Board on a review of iQ3Corp's Risk Management Framework. Both the Audit &amp; Risk Committee and the Board are satisfied that the Risk Management Framework in place in respect of iQ3Corp is sound.</p> <p>The Board receives an annual assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Board does not believe that iQ3Corp has any material exposure to economic, environmental and social sustainability risk that it has not mitigated to the extent reasonably practicable.</p> <p>The Board is responsible for managing the risks iQ3Corp is subject to. See Recommendations 7.2 and 7.3 for further details on general risk management.</p> <p>iQ3Corp is exposed to ordinary business and economic risks in the ordinary course of business.</p>
<p><b>Principle 8: Remunerate fairly and responsibly</b></p> <p><i>A listed entity should pay director remuneration sufficient to attract and retain high quality Directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</i></p>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p>	<p>Yes</p>	<p>The Board has established a combined R&amp;N Committee to assist and advise it on remuneration and recruitment policies and practices (refer to Recommendation 2.1).</p>

ASX Corporate Governance Council Principles and Recommendations	Recommendation Followed	Comment by IQ3Corp
<p>a) Have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) Has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) Is chaired by an independent Director,</li> <li>(iii) And disclose</li> <li>(iv) The Charter of the Committee</li> <li>(v) The members of the Committee; and</li> <li>(vi) As at the end of each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>b) If it does not have a Remuneration Committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>A copy of the Committee's Charter is available on iQ3Corp website. The R&amp;N Committee is currently comprised of Mr Peter Coolentianos, Mr Kosmas Dimitriou and Ms Jemina Hurtado (all non-executive Directors). Mr Coolentianos is the Chairman of the R&amp;N Committee and is considered by the Board to be an independent Director. Mr Akira Yoshinda was an independent member of the R&amp;N Committee for part of the reporting period, resigning on 13 February 2018. Mr Hurtado was appointed to the R&amp;N Committee on 13 February 2018.</p> <p>iQ3Corp does not comply with Recommendation 8.1. The Board considers that the size of the R&amp;N Committee is generally appropriate with regards to the size and complexity of the business and that the appointment of a majority of independent members will achieve an equally compliant outcome.</p> <p>During the subsequent reporting period, the Board will consider whether it is necessary or appropriate to make a further appointment to the R&amp;N Committee.</p> <p>The qualifications and experience of the members of the R&amp;N Committee, the number of times the Committee has met and the respective member attendees during the reporting period are disclosed in the Annual Report.</p>
<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives</p>	Yes	<p>Details of the remuneration practices and the level of remuneration paid to Directors and Key Management Personnel is set out in the Remuneration Report found in iQ3Corp's Annual Report.</p>
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none"> <li>a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>b) Disclose that policy or a summary of it</li> </ul>	Yes	<p>iQ3Corp has in place an equity based Employee Share Plan, a copy of which was lodged with the ASX on 14 May 2015. In addition, a summary of the terms of the Plan were detailed in iQ3Corp's prospectus dated 14 May 2015. Pursuant to iQ3Corp's Security Trading Policy (a copy of which was lodged with the ASX on 14 May 2015), Directors and key management personnel holding shares under the Employee Share Plan may not deal (including sell, create a security interest in or otherwise dispose of) with those securities without the prior written consent of iQ3Corp. Otherwise iQ3Corp has no policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>





**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF  
IQ3CORP LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**MNSA Pty Ltd**  
**Chartered Accountants**

  
**Phillip William Miller CA**  
**Director**

Dated in Canberra on:

28 September 2018

**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>	<b>2018</b>	<b>2017</b>
Revenue	5	6,462,082	5,875,288
Cost of sales		(1,309,404)	(775,334)
<b>Gross profit</b>		<b>5,152,678</b>	<b>5,099,954</b>
Employee benefits expense	6(c)	(2,946,613)	(2,072,036)
Office sharing cost		(639,442)	(665,227)
Depreciation expense		(41,091)	(62,575)
Other expenses	6(d)	(1,180,720)	(1,701,726)
Consultancy fees		(241,398)	(549,496)
Finance costs	6(b)	(27,316)	(9,591)
Finance income	6(a)	973	1,245
Share of loss of associated companies net of tax	19	(78,133)	(90,143)
<b>Loss before income tax</b>		<b>(1,062)</b>	<b>(49,595)</b>
Income tax expense	7	-	-
<b>Net loss for the period</b>		<b>(1,062)</b>	<b>(49,595)</b>

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

	<i>Note</i>	<b>2018</b>	<b>2017</b>
Basic loss per share (cents per share)	17	(0.00)	(0.05)
Diluted loss per share (cents per share)	17	(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>	<b>2018</b>	<b>2017</b>
<b>Net loss for the period</b>		<b>(1,062)</b>	<b>(49,595)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Items that are or may be reclassified subsequently to profit or loss when specific conditions are met:</b>			
Foreign currency translation differences for foreign operations	16	(1,188)	(176,829)
Fair value unrealised losses on available-for-sale financial assets	16	(2,550)	(255,002)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(3,738)</b>	<b>(431,831)</b>
<b>Total comprehensive loss for the period</b>		<b>(4,800)</b>	<b>(481,426)</b>

*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>	<b>2018</b>	<b>2017</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash	8	512,927	165,807
Trade and other receivables	9	1,252,903	786,391
Prepayments		13,691	93,036
Other current assets	10	12,644	51,223
<b>Total current assets</b>		<b>1,792,165</b>	<b>1,096,457</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	96,799	239,314
Intangible assets	12	274,010	631,162
Investment in Associate	19(b)	456,119	440,226
Investment in subsidiary		-	-
Other investments	19(c)	124,951	127,501
Deferred tax assets		-	-
<b>Total non-current assets</b>		<b>951,879</b>	<b>1,438,203</b>
<b>Total Assets</b>		<b>2,744,044</b>	<b>2,534,660</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	473,346	636,109
Deferred revenue		-	-
Provisions	14	-	27,054
Employee benefit liabilities	15	370,305	402,270
<b>Total current liabilities</b>		<b>843,651</b>	<b>1,065,433</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	7	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>843,651</b>	<b>1,065,433</b>
<b>Net assets</b>		<b>1,900,393</b>	<b>1,469,227</b>
<b>Equity</b>			
Contributed equity	16	7,184,247	6,748,281
Reserves	16	(354,019)	(350,281)
Accumulated losses		(4,929,835)	(4,928,773)
<b>Total equity</b>		<b>1,900,393</b>	<b>1,469,227</b>

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

*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>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>			
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		-	-
<b>Net cash used in operating activities</b>	<b>23</b>	<b>377,867</b>	<b>(193,850)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(97,020)
Investment in associates		(94,026)	-
Purchase of intangible assets		(363,033)	(27,500)
<b>Net cash used in investing activities</b>		<b>(457,059)</b>	<b>(124,520)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		427,500	-
Proceeds from loyalty option deposits		-	205,000
Share issue transaction costs		-	(12,904)
<b>Net cash generated from/(used in) financing activities</b>		<b>427,500</b>	<b>192,096</b>
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)
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>512,927</b>	<b>165,807</b>

*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. STATEMENT OF COMPLIANCE**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“AASBs”) adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”).

## **3. 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.

### 3. 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 19 – Investments; and
- Note 14 – 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:

- 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).



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of judgements and estimates (continued)

##### (iii) Measurement of fair values (continued)

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. . The Company is in the process of assessing the impact of this new standard to its financial statements. The Company will apply the standard for the first time in the half-year results ended 31 December 2018.

##### (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. . The Company is in the process of assessing the impact of this new standard to its financial statements. The Company will apply the standard for the first time in the half-year results ended 31 December 2018.

##### (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 Company has not yet determined the potential effect of this standard on the Company's future financial statements. The Company will adopt this standard from 1 July 2019.

### 4. OPERATING SEGMENTS

The Group has identified operating segments based on internal reporting that is reviewed and used by the chief operating decision makers (the CEO and the 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.

In the year ending 30 June 2018, iQ3Corp provided two types of services to related parties, those services consisting of (a) consulting services; and (b) shared services, as set out in note 5 below.

## 5. REVENUE

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

<sup>1</sup> 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.

## 6. INCOME AND EXPENSES

### (a) Finance income

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

### (b) Finance costs

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

### Significant accounting policies

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

**6. INCOME AND EXPENSES (CONTINUED)**

**(c) Employee benefit expenses**

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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
<b>Total employee benefit expense</b>	<b>2,946,613</b>	<b>2,072,036</b>

**(d) Other expenses**

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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
<b>Total other expenses</b>	<b>1,180,720</b>	<b>1,701,726</b>

## 7. INCOME TAXES

### Reconciliation of income tax to accounting profit

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
Loss for the period	(4,800)	(481,426)
Tax rate	27.5%	27.5%
<b>Tax benefit</b>	<b>(1,320)</b>	<b>(132,392)</b>
Add tax effect of:		
Expenditure not allowable for income tax purposes	43,163	20,921
Temporary differences not brought to account	-	9,332
Deferred tax assets not brought to account	(41,843)	102,139
<b>Income tax expense</b>		-

### Unrecognised deferred tax assets

Deferred tax assets were not recognised since utilisation of the tax losses against future taxable profits is not deemed probable in the foreseeable future.

#### Significant accounting policies

##### Current tax

The income tax expense or benefit for the half year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

##### Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to the offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

## 8. CASH

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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.

## 9. TRADE AND OTHER RECEIVABLES

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

### 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.

## 10. OTHER CURRENT ASSETS

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

## 11. 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
<b>Balance at 30 June 2017</b>	<b>70,484</b>	<b>166,100</b>	<b>110,036</b>	<b>346,620</b>
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
<b>Balance at 30 June 2018</b>	<b>42,603</b>	<b>14,925</b>	<b>112,352</b>	<b>169,880</b>

### 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
<b>Balance at 30 June 2017</b>	<b>10,880</b>	<b>55,216</b>	<b>41,210</b>	<b>107,306</b>
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)
<b>Balance at 30 June 2018</b>	<b>7,360</b>	<b>3,444</b>	<b>62,277</b>	<b>73,081</b>

### Carrying amount

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

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Significant accounting policies

#### Carrying value

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

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

#### Depreciation

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

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

#### Impairment

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

#### Gains and losses on disposal

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

## 12. INTANGIBLE ASSETS

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

### 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.

### Website and software

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

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



### 13. TRADE AND OTHER PAYABLES

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

#### 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.

### 14. PROVISIONS

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

#### 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.

## 15. EMPLOYEE BENEFIT LIABILITIES

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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	-	-
<b>Total employee benefit liabilities</b>	<b>370,305</b>	<b>402,270</b>
Current	370,305	402,270
Non-current	-	-
<b>Total trade and other payables</b>	<b>370,305</b>	<b>402,270</b>

### 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.

## 16. CAPITAL AND RESERVES

### Share capital

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

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.

## 16. 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 has 7,150,000 Loyalty options on issue which are 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 entitles 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 may 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>	<b>2018</b>	<b>2017</b>
<b>Foreign currency translation reserve</b>		
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	<b>(96,467)</b>	<b>(95,279)</b>
<b>Financial asset revaluation reserve</b>		
Balance at start of period	(255,002)	-
Movement in the fair value of financial assets	(2,550)	(255,002)
Balance at end of period	<b>(257,552)</b>	<b>(255,002)</b>
<b>Total reserves</b>	<b>(354,019)</b>	<b>(350,281)</b>

## 16. 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).

## 17. 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.

## 18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

### Accounting classifications and fair values

The Group has financial assets of cash and cash equivalents, trade and other receivables, and shares in a listed company. The shares in a listed company are valued at fair value. The remaining financial assets are not measured at fair value, and the carrying amount is a reasonable approximation of fair value at 30 June 2018.

The Group has financial liabilities of trade and other payables. These financial liabilities are not measured at fair value, and the carrying amount is a reasonable approximation of fair value at 30 June 2018.

### Financial risk management

There have been no substantive changes in the types of risk the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risk from the previous period. The Group has exposure to the following risk arising from financial instruments:

- credit risk – refer (ii)
- liquidity risk – refer (iii)
- market risk – refer (iv)

#### (i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all workplace participants understand their roles and obligations.

The Board of Directors has also established a Finance Committee, consisting of senior executives of the Group, which meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The finance committee operates under policies approved by the Board of Directors.

#### (ii) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within note 9.

#### *Trade and other receivables*

The main source of credit risk to the Group is considered to relate to the class of assets described as trade and other receivables. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 9.

No collateral is held over other receivables.

**18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)**

**(ii) Credit risk (conditined)**

**Impairment**

At 30 June 2018, the ageing of the trade and other receivables that were not impaired are set out in the following table.

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
Neither past due nor impaired	1,252,,903	781,391
30 to 60 days past due but not impaired	-	-
60 to 90 days past due but not impaired	-	-
Over 90 days past due but not impaired	-	5,000
<b>Total trade and other receivables</b>	<b>1,252,903</b>	<b>786,391</b>

**Cash and cash equivalents**

The Group held cash and cash equivalents of \$512,927 at 30 June 2018 (2017: \$377, 985). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency Standard and Poor's ratings.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain cash at a level appropriate to fund operations. At 30 June 2018, the expected cash flows from trade and other receivables maturing within two months were \$473,346 (2017: \$636,109).

**Non-derivative financial liabilities**

<i>In dollars</i>	<b>Within 1 year</b>		<b>1 to 5 years</b>		<b>Over 5 years</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Trade and other payables	473,346	636,109	-	-	-	-	473,346	636,109
<b>Total non-derivative financial liabilities</b>	<b>473,346</b>	<b>636,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473,346</b>	<b>636,109</b>

**(iv) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**18. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)**

**(iv) Market risk (continued)**

***Currency risk***

The Group's exposure to foreign currency risk is limited due to the natural hedge afforded to the Group by purchasing and selling in local currency in all countries in which it operates. The Group does not hold any foreign currency contracts.

***Exposure to currency risk***

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is set out in the following table.

<i>In dollars</i>	USD	
	2018	2017
Trade and other receivables	9,841	28,204
Trade and other payables	(897)	-
Related Party, net	50,582	(34,401)
<b>Net statement of financial position exposure</b>	<b>59,526</b>	<b>(6,197)</b>

The following significant exchange rates have been applied in preparing the consolidated statement of financial position and consolidated statement of profit or loss.

<i>In AUD</i>	USD	
	2018	2017
Average rate	0.80	0.79
Year-end spot rate	0.82	0.80

## 19. 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
<b>Subsidiaries</b>			
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%	-
<b>Associates</b>			
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
<b>Reconciliation to carrying amount</b>		
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	-	-
<b>Net asset balance at end of period</b>	<b>1,140,298</b>	<b>1,100,565</b>
Consolidated entity's share in %	40%	40%
Consolidated entity's share at acquisition	456,119	440,226
Adjustment posted in following period	-	-
<b>Consolidated entity's share at reporting date</b>	<b>456,119</b>	<b>440,226</b>



**19. INVESTMENTS (CONTINUED)**

**(c) Other financial assets carried at fair value**

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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 is equal 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.

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

### Amounts recognised in the profit or loss

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
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.

## 21. CONTINGENCIES

The Group has no contingent liabilities or assets as at the reporting date (FY17: None).

## 22. TRANSACTIONS WITH RELATED PARTIES

### (i) Parent and ultimate controlling party

iQ3Corp Ltd was the parent and ultimate controlling party of the Group throughout the year ended 30 June 2018.

### (ii) Transactions with related parties

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

The aggregate value of transactions and outstanding balances relating to subsidiaries and associates are set out in the following table.

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
Capital raising and corporate advisory fees received from related parties	4,514,710	5,249,484
Sales of fixed assets	950,000	-
Office sharing fees received from related parties	997,372	625,804
<b>Total fees received from related parties</b>	<b>6,462,082</b>	<b>5,875,288</b>
Payment of office sharing costs to related parties	639,442	665,227
Capital raising and corporate advisory fees paid to related parties	26,712	280,754
<b>Total costs paid to related parties</b>	<b>666,154</b>	<b>945,981</b>
Trade payable accounts with related parties	135,385	(73,625)
Trade receivable accounts with related parties	1,074,395	722,540
<b>Net trade payable with related parties</b>	<b>1,209,780</b>	<b>648,915</b>

### (iii) Key management personnel compensation

The key management personnel compensation is set out in the table below.

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
Short-term employee benefits	803,205	560,800
Post-employment benefits	72,537	47,044
<b>Total key management personnel compensation</b>	<b>875,742</b>	<b>607,844</b>

Compensation of the Group's key management personnel includes salaries and non-cash benefits. Executive officers also participate in the Group's employee incentive plan.

Further details of key management personnel compensation are included in the Remuneration Report within the Directors' Report.

## 23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
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
	<b>118,162</b>	<b>103,123</b>
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
	<b>259,705</b>	<b>(296,973)</b>
<b>Net cash used in operating activities</b>	<b>377,867</b>	<b>(193,850)</b>

## 24. AUDITORS' REMUNERATION

<i>In dollars</i>	<b>2018</b>	<b>2017</b>
<b>Audit and review services</b>		
Auditors of the Group at 30 June 2018 – MNSA Pty Ltd	12,500	10,000
Auditors of the Group at 31 December 2017 – Fortunity	-	4,000
Other auditors	-	-
<b>Other services</b>		
Auditors of the Group at 30 June 2018 – MNSA Pty Ltd	-	-
Auditors of the Group at 31 December 2017 – Fortunity	-	-
Other auditors	-	-

## 25. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations or state of affairs of the Group in future financial years.

## ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 19 August 2018.

### SHAREHOLDINGS

#### Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholders grouped by common controllers	Number of ordinary shares held	% of total ordinary shares
Derivative Investments Group	14,061,112	13.53%
Life Science Investments Pty Limited	6,400,000	6.16%
George Syrmalis	27,000	0.03%
<b>Total group (i)</b>	<b>20,488,112</b>	<b>19.71%</b>
Biowork Capital Pty Ltd	18,050,000	17.37%
<b>Total group (ii)</b>	<b>18,050,000</b>	<b>17.37%</b>
Zeolite Investments Pty Limited	8,800,000	8.47%
Babi Holdings Pty Limited	4,000,000	3.85%
<b>Total group (iii)</b>	<b>12,800,000</b>	<b>12.32%</b>
Biodynamic Investments Pty Limited	8,888,888	8.55%
<b>Total group (iv)</b>	<b>8,888,888</b>	<b>8.55%</b>
<b>Total of substantial shareholders</b>	<b>60,227,000</b>	<b>57.95%</b>

#### Distribution of equity security holders

Category	Holders	%
1 – 1,000	8	2.23%
1,001 – 5,000	9	2.51%
5,001 – 10,000	93	25.91%
10,001 – 100,000	169	47.08%
100,001 and over	80	22.28%
<b>Total</b>	<b>359</b>	<b>100.00%</b>

## **SHAREHOLDINGS (CONTINUED)**

### **Shareholders with less than marketable parcel**

There are 11 shareholders each with an unmarketable parcel of shares being a holding of 2,083 or less, for a combined total of 5,902 shares.

This is based on a closing price of \$0.24 per share as at 21 August 2018 and represents 0.0057% of the fully paid ordinary shares on issue.

### **Shares subject to escrow**

There is no security class subject to escrow as at 19 August 2018.

### **Unquoted equity securities**

There are no unquoted redeemable preference shares or redeemable convertible notes on issue.

## **SECURITIES EXCHANGE**

The Company is listed on the ASX Limited. The Home exchange is Sydney.

## **OTHER INFORMATION**

iQ3Corp Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

## **ON-MARKET BUY-BACK**

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary shares held	% of total ordinary shares
BIOWORX CAPITAL PTY LTD	18,050,000	17.368%
DERIVATIVE INVESTMENTS PTY LTD <DERIVATIVE INVEST DISC A/C>	14,061,112	13.530%
BIODYNAMIC INVESTMENTS PTY LTD	8,888,888	8.553%
ZEOLITE INVESTMENTS PTY LTD <ZEOLITE DISCRETIONARY A/C>	8,800,000	8.468%
LIFE SCIENCE INVESTMENTS PTY LTD <LIFE SCIENCE SUPERFUND>	6,400,000	6.158%
BABI HOLDINGS PTY LTD <CLT SUPER FUND>	4,000,000	3.849%
CHAMP POWER HOLDINGS LTD	3,500,000	3.368%
BG VENTURES LTD	3,250,000	3.127%
ABLE RISE INTERNATIONAL LIMITED	3,200,000	3.079%
BARTELM PTY LTD <PRECISION AUTO SER PL SF AC>	1,915,874	1.844%
BIOFARMA INVESTMENTS PTY LTD <BIOFARMA A/C>	1,750,000	1.684%
COLIN J. ODMS PTY LTD <THE RANGOON A/C>	1,716,666	1.652%
MR SPIRO SAKIRIS & MS SOPHIE SAKIRIS <SAKIRIS FAMILY SUPER FUND>	1,500,000	1.443%
SOLUTION EFFECTIVE PTY LTD	1,200,000	1.155%
OCEANA HORIZON PTY LTD <OCEANA HORIZON INVEST SUPER>	1,000,000	0.962%
MR SPIRO SAKIRIS & MS SOPHIE SAKIRIS <SAKIRIS FAMILY SUPER FUND>	833,333	0.802%
NICKY CONSTANTINE	666,666	0.641%
MICHAEL CONSTANTINE <TUCKER PARK SUPER FUND>	666,666	0.641%
MR JAMES SIMOS & MRS CHRISTINA SIMOS <SIMOS SUPER FUND A/C>	629,999	0.606%
DAVE SENOGLES & PATRICIA SENOGLES <SENOGLES SUPER FUND>	600,000	0.577%
MARKOVIC FAMILY PTY LTD <LESKO CONSTRUCTIONS SUPER>	600,000	0.577%
<b>Total securities of top 20 holdings</b>	<b>83,229,204</b>	<b>80.09%</b>

**IQ3CORP LTD AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 30 JUNE 2018**

1. In the opinion of the Board of Directors of iQ3Corp Ltd ("the Company"):
  - a. the consolidated financial statements and notes that are set out on pages 26 to 52 are in accordance with the *Corporations Act 2001*, including:
    - I. giving a true and fair view of the financial position as at 30 June 2018 of the Company and its controlled entities ("the Group") and of the Group's performance for the financial year ended on that date; and
    - II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. 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 for the financial year ended 30 June 2018.
3. The Directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors.



Jimena Hurtado  
Director

Sydney

28 September 2018





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ3CORP LTD

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of iQ3Corp Ltd (the Company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2018 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 the International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

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 about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<b><i>Related Party Transactions</i></b>	
<p>The Group comprises subsidiaries and other companies with varying ownership proportions. IQ3 Corp Ltd is a member of the Group and transacts with other companies in the Group. The company's business is the provision of corporate finance and advisory services to the life science sector. Other companies in the Group perform a similar function but in different market sectors.</p> <p>This was a key audit matter for us, in terms of the number of subsidiaries and companies in the Group, varied operations and the significance of these operations to the Group. We focused on:</p> <ul style="list-style-type: none"><li>• Understanding the way in which each subsidiary fits into the Group and identifying significant risks of misstatement within the Group;</li><li>• The scoping of relevant procedures consistent with the risks identified and to enable coverage of significant related party transactions;</li><li>• The assessment of the compliance of the Related Party Transactions within the Group accounting policies, particularly in regard to correct receivables and payables recognition;</li><li>• Correct recognition of related party transactions as part of the consolidation process and the correct recognition of information in the Annual Report.</li></ul>	<ul style="list-style-type: none"><li>• We performed procedures on the financial information prepared for reporting and consolidation purposes. The objective of this was to gather evidence on significant related party transactions that were effected during the year between the Company and its subsidiaries.</li></ul> <p>We obtained sufficient appropriate audit evidence and identified and resolved any issues as the audit progressed. We evaluated the work performed in order to meet our overall audit purpose. We also considered compliance with Group's accounting policies, including receivable and payables recognition.</p>

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### ***Recognition and Impairment of Intangible Assets***

Recognition and impairment of intangible assets is a key audit matter as:

- Intangibles represent approximately 9% of the Group's total assets before impairment;
  - Intangibles relate to purchase of licenses in the US banking sector;
  - Ongoing judgment is required in order to assess the appropriate level of impairment relating to intangibles.
- After discussions with the directors and management, we have assessed valuation of intangibles are at fair value less costs of disposal.
  - We obtained sufficient appropriate audit evidence and identified and resolved any issues as the audit progressed. We evaluated the work performed in order to meet our overall audit purpose. We also considered compliance with Group's accounting policies, including fair recognition of intangibles in the Annual Report. We also assessed management's determination of the Group's CGU's based on our understanding of the nature of the CGU's business. We also referred to internal reporting of the Group to assess how results are monitored and reported.
  - We challenged the basis of impairment of intangibles with management and obtained an understanding as to their logic of accounting for intangibles. We have made them aware of the requirement to assess impairment of intangibles on an ongoing basis.

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### **Other Information**

The directors of iQ3Corp Ltd are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors 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 (including the Australian Accounting Interpretations) 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards*.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

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 judgement, 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 of the financial report that gives a true and fair view 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included on pages 9 to 14 of the Directors' Report for the year ended 30 June 2018.

In our opinion the Remuneration Report of iQ3Corp Ltd for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The Directors of iQ3Corp Ltd 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.

**Name of Firm:** MNSA Pty Ltd  
Chartered Accountants



**Name of Auditor:** Phillip W Miller CA

**Address:** Level 1, 283 George Street, Sydney NSW 2000

**Dated:** 28 September 2018