

# **iQ3Corp Ltd**

ACN: 160 238 282

## **Financial Statements**

**For the Half Year Ending 31 December 2014**

## **Contents**

**For the Half Year Ending 31 December 2014**

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## Directors' Report

31 December 2014

The directors submit the financial report of the company for the half year ended 31 December 2014.

### 1. General information

#### Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

Spiro Kevin Sakiris

Kosmas Dimitriou

Akira Yoshida

Peter Coolentianos

### 2. Operating results and review of operations for the year

#### Operating results

The loss of the Company after providing for income tax amounted to \$ (334,310) (2013: \$ (975,862)).

#### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2014 has been received and can be found on page 2 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director: .....



Kosmas Dimitriou

Director: .....



Spiro Kevin Sakiris

Dated this this 7<sup>th</sup> day of May 2015

**iQ3Corp Ltd**

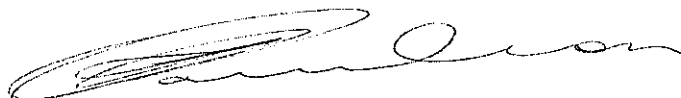
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## **Auditors Independence Declaration under Section 307C of the Corporations Act 2001**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014, there have been:

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

**Fortunity Assurance**

A handwritten signature in black ink, appearing to read 'TR Davidson', is written over a horizontal line.

TR Davidson  
Partner

7 May 2015

155 The Entrance Road  
Erina NSW

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half Year Ending 31 December 2014**

		<b>31 December</b>	<b>30 June</b>
		<b>2014</b>	<b>2014</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	3	432,089	47,543
Employee benefits expense		(268,978)	(150,602)
Office sharing costs		(134,942)	(714,727)
Depreciation and amortisation expense		(6,987)	(357)
Other expenses		(355,492)	(157,638)
Finance costs		-	(82)
<b>Profit before income tax</b>		<b>(334,310)</b>	<b>(975,863)</b>
Income tax expense		-	-
<b>Profit for the half year</b>		<b>(334,310)</b>	<b>(975,863)</b>

The accompanying notes form part of these financial statements.

**Statement of Financial Position****31 December 2014**

	<b>Note</b>	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		434,361	685,548
Trade and other receivables		220,132	345,018
<b>TOTAL CURRENT ASSETS</b>		<b>654,493</b>	<b>1,030,566</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	89,478	95,911
<b>TOTAL NON-CURRENT ASSETS</b>		<b>89,478</b>	<b>95,911</b>
<b>TOTAL ASSETS</b>		<b>743,971</b>	<b>1,126,477</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		104,308	214,992
Borrowings	5	1,703,038	1,453,038
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,807,346</b>	<b>1,668,030</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	5	-	4,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>4,000</b>
<b>TOTAL LIABILITIES</b>		<b>1,807,346</b>	<b>1,672,030</b>
<b>NET ASSETS</b>		<b>(1,063,375)</b>	<b>(545,553)</b>
<b>EQUITY</b>			
Issued capital		1,000	1,000
Convertible notes		441,962	441,962
Capital raising costs		(191,456)	(7,944)
Retained earnings		(1,314,881)	(980,571)
<b>TOTAL EQUITY</b>		<b>(1,063,375)</b>	<b>(545,553)</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

For the Half Year Ending 31 December 2014

### 31 December 2014

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2014		435,018	(980,571)	(545,553)
Profit/ (loss) for the year		-	(334,310)	(334,310)
Share issue transaction costs		(183,512)	-	(183,512)
Balance at 31 December 2014		251,506	(1,314,881)	(1,063,375)

### 30 June 2014

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2013		1,000	(4,709)	(3,709)
Profit/ (loss) for the year		-	(975,862)	(975,862)
Convertible notes classified as equity		441,962	-	441,962
Share issue transaction costs		(7,944)	-	(7,944)
Balance at 30 June 2014		435,018	(980,571)	(545,553)

The accompanying notes form part of these financial statements.

**Statement of Cash Flows****For the Year Ended 31 December 2014**

	31 December 2014	31 December 2013
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	556,975	70,043
Payments to suppliers and employees	(852,902)	(1,182,272)
Net cash provided by/(used in) operating activities	(295,927)	(1,112,229)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(21,749)	(96,082)
Net cash used by investing activities	(21,749)	(96,082)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of convertible notes	250,000	1,620,000
Capital raising costs	(183,511)	(7,944)
Net cash used by financing activities	66,489	1,612,056
Net increase/(decrease) in cash and cash equivalents held	(251,187)	403,745
Cash and cash equivalents at beginning of year	685,548	281,803
Cash and cash equivalents at end of the half year	434,361	685,548



## Notes to the Financial Statements

### For the Year Ended 31 December 2014

The financial report covers iQ3Corp Ltd as an individual entity. iQ3Corp Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

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

#### 1 Basis of Preparation

This condensed interim financial report for the reporting period ending 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of iQ3Corp Ltd. As such it does not contain information that represents relatively insignificant changes occurring during the half year within iQ3Corp Ltd. This condensed financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of iQ3Corp Ltd for the year ended 30 June 2014, together with any public announcements made during the half year.

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

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

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

#### 2 Summary of Significant Accounting Policies

##### (a) Revenue and other income

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

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

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

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

##### (b) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

## Notes to the Financial Statements

For the Year Ended 31 December 2014

### 2 Summary of Significant Accounting Policies continued

#### (b) Goods and Services Tax (GST) continued

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (c) Property, Plant and Equipment

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

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

##### Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

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

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

#### (d) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

## Notes to the Financial Statements

For the Year Ended 31 December 2014

### 3 Revenue and Other Income

#### Revenue from continuing operations

Finance income includes all interest-related income, other than those arising from financial assets at fair value through profit or loss. The following amounts have been included in the finance income line in the statement of profit or loss and other comprehensive income for the reporting periods presented:

	31 December 2014 \$	31 December 2013 \$
Sales revenue		
- consulting fees	263,218	43,636
	<u>263,218</u>	<u>43,636</u>
Finance income		
- other interest received	8,193	3,906
	<u>8,193</u>	<u>3,906</u>
<b>Finance income</b>	<u>8,193</u>	<u>3,906</u>
Other revenue		
- Shared service revenue	160,679	-
	<u>168,872</u>	<u>3,906</u>
<b>Total Revenue</b>	<u><u>432,090</u></u>	<u><u>47,542</u></u>

### 4 Property, plant and equipment

#### PLANT AND EQUIPMENT

Plant and equipment		
At cost	32,311	17,851
Accumulated depreciation	(3,666)	(70)
<b>Total plant and equipment</b>	<u>28,645</u>	<u>17,781</u>
Furniture, fixtures and fittings		
At cost	12,848	9,068
Accumulated depreciation	(880)	(83)
<b>Total furniture, fixtures and fittings</b>	<u>11,968</u>	<u>8,985</u>
Leasehold Improvements		
At cost	51,477	69,163
Accumulated amortisation	(2,612)	(18)
<b>Total leasehold improvements</b>	<u>48,865</u>	<u>69,145</u>
<b>Total plant and equipment</b>	<u>89,478</u>	<u>95,911</u>
<b>Total property, plant and equipment</b>	<u><u>89,478</u></u>	<u><u>95,911</u></u>

## Notes to the Financial Statements

For the Year Ended 31 December 2014

### 5 Borrowings

	31 December 2014 \$	30 June 2014 \$
<b>CURRENT</b>		
Unsecured liabilities:		
Convertible notes	1,703,038	1,453,038
	<u>1,703,038</u>	<u>1,453,038</u>
<b>Total current borrowings</b>	<u>1,703,038</u>	<u>1,453,038</u>
	31 December 2014 \$	30 June 2014 \$
<b>NON-CURRENT</b>		
Unsecured liabilities:		
Other financial liabilities	-	4,000
	<u>-</u>	<u>4,000</u>
<b>Total non-current borrowings</b>	<u>-</u>	<u>4,000</u>

During the year ended 30 June 2014 the company issued 0% interest \$1,895,000 in Convertible Notes. A further \$250,000 were issued during the period ended 31 December 2014.

The Notes are convertible to ordinary shares in the Company from the date of admission on an approved stock exchange.

The Converting Notes are compound financial instruments. The present value of the liability component at initial recognition was \$1,703,038. The balance of \$441,962 was recognised in equity.

### 6 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2014 (31 December 2013:None).

### 7 Related Parties

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

(i) Key management personnel:

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

## Notes to the Financial Statements

For the Year Ended 31 December 2014

### (b) Transactions with related parties

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

The following transactions occurred with related parties:

	Consulting fees	AFSL fee	Capital raising fees	Shared services revenue	Office sharing costs
<b>KMP related parties (Revenue)/Expenses</b>					
iQX Limited	(10,909)	57,560	93,255	(5,731)	26,942
iQnovate Limited	(10,909)	-	-	(154,948)	108,000
Clinical Research Corporation Pty Limited	-	-	(96,005)	-	-
FarmaForce Pty Limited	-	-	(145,395)	-	-

Mr Spiro Sakiris is both the Chief Operations Officer and the Chief Financial Officer of all of the above related parties.

### 8 Events Occurring After the Reporting Date

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

### 9 Company Details

The registered office of the company is:

iQ3Corp Ltd  
Level 6, 222 Clarence Street  
Sydney NSW

The principal places of business are:

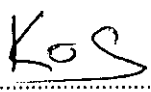
Level 6, 222 Clarence Street  
Sydney NSW

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director:   
Kosmas Dimitriou

Director:   
Spiro Kevin Sakiris

Dated this 7<sup>th</sup> day of May 2015

**iQ3Corp Ltd**

ACN: 160 238 282

## **Independent Auditor's Review Report to the members of iQ3Corp Ltd**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of iQ3Corp Ltd, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of iQ3Corp Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

**iQ3Corp Ltd**

ACN: 160 238 282

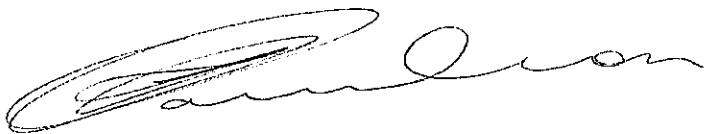
## **Independent Auditor's Review Report to the members of iQ3Corp Ltd**

### *Conclusion*

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

- (a) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

### **Fortunity Assurance**



TR Davidson  
Partner

155 The Entrance Road, Erina, NSW

Dated this this 7<sup>th</sup> day of May 2015