

IQ3CORP LTD

ACN 160 238 282

Appendix 4E and Full Year Financial Results For the Year Ended 30 June 2016

ASX Appendix 4E

Provided below are the results for announcement to the market in accordance with Australian Securities Exchange ('ASX') Listing Rule 4.3A and Appendix 4E for iQ3Corp Ltd ('iQ3Corp or the 'Company') and its controlled entities for the year ended 30 June 2016 and the previous corresponding period 30 June 2015.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Consolidated results

	30 June 2016 \$000	30 June 2015 \$000	Movement Up/down	Movement%
Revenue	2,118	922	up	130%
Net profit/(loss) from ordinary activities after tax attributable to members	(1,988)	(1,911)	down	4%
Net profit/(loss) for the period attributable to members	(1,988)	(1,911)	down	4%

For commentary on the results and outlook, including changes in state of affairs and likely developments of the Company, see comments set out in the Chairman and CEO Reports (refer to page 2) and the Operating and Financial Review section (refer to page 6) of the Annual Financial Report.

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.

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

OTHER INFORMATION

Statement of comprehensive income

For a statement of comprehensive income together with notes to the statement, refer to page 20 of the Annual Financial Report for details.

Statement of financial position

For a statement of financial position together with notes to the statement, refer to page 21 of the Annual Financial Report for details.

Statement of cash flows

For a statement of cash flows together with notes to the statement, refer to page 23 of the Annual Financial Report for details.

Statement of change in equity

For a statement of change in equity, refer to page 22 of the Annual Financial Report for details.

Net tangible assets

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

Current period:	1.58 cents
Previous corresponding period:	3.77 cents

Control gained over entities having material effect

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

Details of associates

For details of the Company's associates, refer to page 41 of the Annual Financial Report.

Other Significant information

Apart from the information contained in the attached Annual Financial Report and elsewhere in this Appendix 4E, there is no other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position as at the reporting date.

Audited Accounts

The accounts have been audited by Fortunity Assurance and are not subject to dispute or qualification.

ANNUAL FINANCIAL
REPORT
30 JUNE 2016

iQ3Corp Limited ACN 160 238 282



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Corporate Information

ACN 160 238 282

Directors

Spiro Kevin Sakiris

Kosmas Dimitriou

Peter Coolentianos (Chairman)

Akira Yoshida

Company secretary

Gerardo Incollingo

Registered office

Level 6, 222 Clarence Street

Sydney, NSW 2000

Principal place of business

Level 6, 222 Clarence Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Auditors

Fortunity Assurance

Erina Business Park

Erina NSW 2250

Chairman's Report

On behalf of the board of directors, we are pleased to present the operational and financial review for iQ3 Corp Limited for the financial year ending 30th June 2016.

The iQ3Corp team has successfully set the groundwork to implement the company's strategy and objectives, hence fulfilling on its deliverables including:

- Development of the company's distribution base across Australia and the USA
- Building the company's profile in the Life Science Industry
- Positioning of the company in the capital markets, as well as within its customer segment base, the Australian Biotechnology industry: and
- Recruitment and retention of key people to in order to effectively translate our vision into reality.

Revenue in FY16 was \$2,118K compared to \$922K in the prior corresponding period, reflecting our continued expansion of activity in both IPO and corporate advisory activities in FY16. The total amount invoiced to clients was FY16 \$3,129K resultant from \$2,118K invoiced as revenue and another \$1,011K invoiced but to be recognized as revenue on completion of the project.

The net loss after tax of the group for the year ended 30 June 2016 was \$1,987,751 (2015:\$1,910,855), which represents expenditure required for investing in the the required infrastructure to execute the Company's strategy as discussed in our prospectus.

The company was officially listed on the ASX on the 18th May 2015 after successfully raising \$4,400,000 through an initial public offering. The utilisation of funds during the FY16 year is being applied towards the development of the company's core offerings of:

- Corporate finance and advisory
- Mergers and acquisitions
- Capital raising and distribution channels

The total assets at year-end were \$3,390,050 compared to \$4,227,228 in the previous year. This provides an overall strengthening of working capital to fund growth opportunities moving forward.

The focus during the year was the expansion of the infrastructure. Post balance date, our New York based subsidiary, iQ Capital USA LLC was granted its US investment banking licence by the Securities & Exchanges Commission under the Securities Exchange Act and has been admitted to membership of the Financial Industry Regulatory Authority (FINRA). We have also established our subsidiary in China this will allow us to execute cross border arbitrage transactions across USA, Australia and China, using this as connecting informed investors with life science companies.

We are confident that our technocratic and innovative iQ3 team, led by aspirational and committed group of executive management and board members, can deliver on the clear mandate to build the iQ3Corp business and make a difference in the Australian Life Science Sector by giving it access to capital markets well beyond Australia's borders, and giving this sector the opportunity capitalize on its ability to become a major global force.



Peter Coolentianos

Chairman

29th day of August 2016

CEO's Report

The 2016 financial year has been one of action and growth for both for iQ3Corp and the hugely promising life science sector that we service. On behalf of the team, I am proud to present our report for the FY16 financial year.

iQ3Corp is a corporate finance advisory firm authorised to provide:

- General financial product advice in respect of certain financial products
- Deal in a financial product by applying for, acquiring, varying or disposing of certain financial products on behalf of another person and
- Provide underwriting services

During the Company's second year of operation, it has met two fundamental strategic milestones.

iQ3Corp listed its shares on the ASX and its subsidiary in the USA, IQ Capital LLC, gained regulatory approval to operate as an investment bank and commenced operations.

The total amount invoiced to clients was FY16 \$3,129K resultant from \$2,118K invoiced as revenue and another \$1,011K invoiced but to be recognized as revenue on completion of the project.

Revenue was generated by short to mid-term client contracts for corporate finance services; buy side advisory, listings, mergers and acquisitions and structured financial products. Further to the FY 2016 revenue generated, iQ3Corp continues to be the lead advisor for most of its clients with long term mandates and a revenue model that is a hybrid of fee for service and success payments. Through our global networks and alliances, we ideally match informed and educated biotech investors with early stage development investment opportunities.

The biotechnology industry is a specialised sector and therefore requires tailored services, with comprehensive knowledge of the industry being imperative for corporate finance advisory businesses in order to meet client requirements. At iQ3Corp we understand the biotech industry requires the most highly skilled labour and scientific innovation to bring products to market.


Typically, biotech companies have a small probability of attaining the necessary regulatory approval needed in order to progress to commercialisation for their product. The estimated average pre-tax industry cost per new prescription drug approval (inclusive of failures and capital costs) is: \$2.56 billion. To add to this cost and risk comes time; the research and development process, which may lead to a "product" can take more than 12 years. This means most biotechnology companies can't meet the criteria of typical valuation models that are applied to most other companies. In lieu of this fundamental financial data, a potential investor can either focus on the science and IP, the management team, the therapeutic area, product portfolio or most likely a combination of these.

The surge in market capitalisation of companies during the past five years is responsible for the genesis of countless biotechnology stock "expert advisors," some of them having dubious experience in financial markets and particularly the biotechnology industry.

At iQ3Corp, we're different – we ensure that our advice, whether tactical or strategic creates long term value for all parties that partake in the transaction. We match up risky development stage ventures with no revenue with the private venture capital market and only debut them on the public markets when they possess investable themes that deliver value to the shareholders.

Often the difference between the VC market and the public market is hundreds of millions of dollars in valuation. Several companies on public markets currently would have qualified as VC only investments five years ago, demonstrating the ever changing landscape of the sector and the importance of the role we play.

The iQ3Corp team understand the science, economic challenges, earning potential and risk for these companies moving forward. The iQ3 business model is this; matching our clients' investor expectations with the market participants risk and return appetite.

Dr George Syrmalis 

CEO

29th day of August 2016

Directors' Report

Your directors submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

Spiro Kevin Sakiris

Executive Director

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 30 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 30 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.

Spiro is currently Chief Operating Officer and Chief Financial officer of iQnovate Ltd (iQN) and iQX Limited (iQX) which are both listed on the National Stock Exchange of Australia. He is also a Responsible Manager under the Australian Financial Services Licence [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

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

Kosmas is a Senior Tax Manager to various NAB Wealth business units within the NAB group. Over the last 7 years Kosmas has provided corporate and tax advisory services to NAB Wealth on both domestic and international acquisitions, divestments, restructures, and investment product tax structuring issues. Kosmas is also a member of the Financial Services Council Tax Expert Group which lobbies the government for tax law reform. During the 6 years prior to joining NAB, Kosmas was a tax lawyer at PricewaterhouseCoopers (PwC) in the PwC Sydney legal and tax division. Kosmas also has experience as a client tax manager specialising in the financial services industry and advised clients such as Colonial, Bank of America, DB RREEF and Lumley.

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

Peter Coolentianos (Appointed: 2 October 2014)

Non-Executive Chairman

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

Peter has 32 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.

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

Directors' Report (continued)

Akira Yoshida (Appointed: 2 October 2014)

Non-Executive Director

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 33 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.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of iQ3Corp Ltd were:

	<i>Number of Ordinary Shares</i>	<i>Number of Options over Ordinary Shares</i>	<i>Number of additional Ordinary Shares subject to escrow</i>
Spiro Kevin Sakiris	125,000	125,000	20,750,000
Peter Coolentianos	66,667	66,667	-
Akira Yoshida	150,000	-	-

COMPANY SECRETARY

Kelvin Boateng

Kelvin Boateng was iQ3Corp Ltd's Company Secretary and Head, Legal & Commercial Affairs. In this role, he served as Company Secretary to the Board, as Committee Secretary for Board Committees, and as a company secretary for iQnovate Ltd (iQN) and iQX Limited (iQX) until his resignation, August, 2016.

Gerardo Incollingo

Gerardo is iQ3Corp Ltd's Company Secretary from August 2016. Gerardo is Managing Director of LCI Partner's, a firm of accountants.

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.

PRINCIPAL ACTIVITIES

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

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW

The net loss after tax of the Group for the year ended 30 June 2016 was \$1,987,751 (2015: \$1,910,855), which represents expenditure required for building organisational infrastructure.

The Company was officially listed on the ASX on the 18th May 2015 after successfully raising \$4,400,000 through an Initial Public Offering. The utilisation of funds during the year is being applied towards the development of the company's core offerings of:

1. Corporate finance and advisory
2. Mergers and acquisitions
3. Capital raising and distribution channels

The total assets at year-end were \$3,390,050 compared to \$4,227,228 in the previous year. This change has seen our investment in our subsidiaries and in associates increase by a comparable amount and will provide an overall strengthening of working capital to fund the growth opportunities moving forward.

iQ3Corp is always seeking to deliver value to all its stakeholders and to ensure that we integrate sustainable opportunities into our overall strategy and operations. As previously announced, through our wholly owned subsidiary in the USA, iQ Capital LLC, we have applied to the US regulator, FINRA and SEC, in order to obtain the necessary licensure to operate our own, life science focused, investment bank. This licence was granted subsequent to balance date and is an important step in creating the pathway to give our life science clients access to capital markets at a global level. This is all part of our strategy in developing our role as the key global partner in the development of these life science companies.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than the granting of the US Investment Banking licence to our US Subsidiary, iQ Capital USA LLC there have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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 AND PERFORMANCE

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and executive officers against all loss, liability and cost suffered or incurred in connection with their offices or a breach by the Company of its obligations for which they may be held personally liable. The agreement provides for the Company to indemnify all the directors and executive officers provided that:

- (a) The liability does not arise out of conduct involving a lack of good faith.
- (b) The liability is for costs and expenses incurred by the director or officer in defending proceedings in which judgment is given in their favour or in which they are acquitted.

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of IQ3Corp Ltd against legal costs incurred in defending proceedings for conduct other than:

- (a) A willful breach of duty.
- (b) A contravention of sections 182 or 183 of the *corporations Act 2001*, as permitted by section 199B of the *corporations Act 2001*.

The total amount of insurance contract premiums paid was \$28,461.20 in FY16.

INDEMNIFICATION OF AUDITORS

The company has not, during or since the end of the financial year, 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.

DIRECTORS MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	<i>Directors'</i> <i>meetings</i>	<i>Meetings of committees</i> <i>Audit & Risk</i> <i>Management</i>	<i>Remuneration &</i> <i>Nomination</i>
Number of meetings held:	6	1	1
Number of meetings attended:			
Spiro Kevin Sakiris	6 out of 6	1 out of 1	-
Kosmas Dimitriou	6 out of 6	-	1 out of 1
Peter Coolentianos	6 out of 6	1 out of 1	1 out of 1
Akira Yoshida	5 out of 6	1 out of 1	1 out of 1

Directors' Report (continued)

Committee membership

As at the date of this report, the Company had an audit and risk management committee and a remuneration and nomination committee.

Members acting on the committees of the board during the year were:

<i>Audit and risk management committee</i>	<i>Remuneration and nomination committee</i>
Peter Coolentianos	Peter Coolentianos
Akira Yoshida	Akira Yoshida
Spiro Kevin Sakiris	Kosmas Dimitriou

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor of iQ3Corp Ltd. A copy has been included on page 19 of the report.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Fortunity Assurance in FY2016.

Preparation and lodgement of statutory returns

Signed in accordance with a resolution of the directors.



Peter Coolentianos

Chairman

Sydney, 29th day of August 2016

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
 - A. Remuneration principles and strategy
 - B. Detail of incentive plans
4. Executive remuneration outcomes (including link to performance)
5. Executive contracts
6. Non-executive director fee arrangements
7. Additional disclosures relating to options and shares

Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Group.

Key management personnel

(i) Non-executive directors (NEDs)

Peter Coolentianos (Chairman)

Akira Yoshida

Kosmas Dimitriou

(ii) Executive directors

Spiro Kevin Sakiris

(iii) Senior executives

George Syrmalis

The Board has established a remuneration and nomination committee to assist and advise it on remuneration and recruitment policies and practices. The Board acknowledges the ASX recommendations that remuneration and nomination committees should consist of a majority of independent directors and be chaired by an independent director.

The Remuneration Committee in exercising its responsibilities will have regard to all relevant group policies in attracting and retaining skilled executives, and structuring short and long term incentives that are challenging and linked to the creation of sustainable Shareholder returns.

The Committee comprises three members, of which two are independent Directors.

Further information on the remuneration committee's role, responsibilities and membership can be seen at www.iQ3corp.com

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration governance

Remuneration and nomination committee

Executive remuneration arrangements

3A: Remuneration principles and strategy

The Board has established a remuneration and nomination committee to assist and advise it on remuneration and recruitment policies and practices. The Board acknowledges the ASX recommendations that remuneration and nomination committees should consist of a majority of independent directors and be chaired by an independent director.

The primary function of the remuneration and nomination committee will be to assist the Board by:

- providing advice in relation to the group's remuneration packages:
- making recommendations in relation to the Group's recruitment, retention and termination policies:
- reviewing succession plans for senior executives and executive directors:
- recommending individuals for nomination as members of the Board and its committees;
- ensuring a process is set to periodically evaluating the performance of members of the Board and ensuring those processes are reviewed regularly; and
- monitoring the size and composition of the Board.

In FY16, 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.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

3. Executive remuneration arrangements (continued)

3B. Detail of incentive plans

Short-term incentive (STI)

The Group 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 George Syrmalis
How is STI delivered?	Cash
What is the STI opportunity?	Up to 25% of base salary
What are the performance conditions for FY16?	Individual performance goals against annual plans.
How is performance assessed?	On an annual basis, after consideration of performance against key performance indicators (KPI).

Employee benefit plan (EBP)

EBP grants are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term.

Who participates?	All employees of the group.
How is LTI delivered?	Entitlement to shares and performance rights.
What are the performance conditions for the FY16 grant?	Individual performance goals against annual plans.
How is performance assessed?	At the end of the relevant performance period, the Group 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 remuneration outcomes for 2016 (including link to performance)

Group performance and its link to STI

No short term incentive payments or EBP awards were made in the period to 30 June 2016 or 30 June 2015.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

4. Executive remuneration outcomes for 2016 (including link to performance) (continued)

Group performance and its link to STI (continued)

Executive remuneration for the year ended 30 June 2016

	Short Term Employment Benefit				Post-Employment Benefit	Long Term Benefits			Share Based Payments	Termination payments	Total	Performance related
	Salary & fees	Cash bonus	Non-monetary benefits	Others	Super-annuation	Retirement benefits	Cash incentives	Long services leave	Options	Shares		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors												
Kosmos Dimitriou	31,963	-	-	-	3,037	-	-	-	-	-	35,000	-
Peter Coolentianos	31,963	-	-	-	3,037	-	-	-	-	-	35,000	-
Akira Yoshida	35,000	-	-	-	-	-	-	-	-	-	35,000	-
Total Non-executive directors	98,926	-	-	-	6,074	-	-	-	-	-	105,000	-
Executive directors												
Spiro Kevin Sakiris	136,463	-	-	-	12,551	-	-	-	-	-	149,014	-
Other key management Personnel												
George Symmalis	267,659	-	-	-	24,047	-	-	-	-	-	291,706	-
Total executive KMP	404,122	-	-	-	36,598	-	-	-	-	-	440,720	-
Total	503,048	-	-	-	42,672	-	-	-	-	-	545,720	-

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

4. Executive remuneration outcomes for 2016 (including link to performance) (continued)

Group performance and its link to STI (continued)

Executive remuneration for the year ended 30 June 2015

	Short Term Employment Benefit				Post-Employment Benefit		Long Term Benefits		Share Based Payments		Termination payments	Total	Performance related
	Salary & fees	Cash bonus	Non-monetary benefits	Others	Super-annuation	Retirement benefits	Cash incentives	Long services leave	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors													
Kosmos Dimitriou	3,874	-	-	-	368	-	-	-	-	-	-	4,242	-
Peter Coolentianos	3,874	-	-	-	368	-	-	-	-	-	-	4,242	-
Akira Yoshida	4,242	-	-	-	-	-	-	-	-	-	-	4,242	-
Total Non-executive directors	11,990	-	-	-	736	-	-	-	-	-	-	12,726	-
Executive directors													
Spiro Kevin Sakiris	75,385	-	-	-	7,162	-	-	-	-	-	-	82,547	-
Other key management Personnel													
George Symmalis	27,404	-	-	-	2,603	-	-	-	-	-	-	30,007	-
Total executive KMP	102,789	-	-	-	9,765	-	-	-	-	-	-	112,554	-
Total	114,779	-	-	-	10,501	-	-	-	-	-	-	125,280	-

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

Executive contracts

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts with executives:

Chief Operating Officer (Spiro Sakiris)

The COO is employed under ongoing contract which can be terminated with notice by either the Group or the COO.

Under the terms of the present contract:

- The COO receives fixed remuneration of \$150,000 per annum (effective 1st January, 2016) plus superannuation contributions in accordance with Superannuation Guarantee legislation.
- The COO's target STI opportunity is a maximum of 25% of fixed remuneration.
- The COO is eligible to receive up to 90,000 performance rights per annum under the employee benefit plan.
- The COO does not receive a separate directorship fee.

The COO's termination provisions include a 6 month notice period.

Chief Executive Officer (George Syrmalis)

The CEO is employed under ongoing contract which can be terminated with notice by either the Group or the CEO.

Under the terms of the present contract:

- The CEO receives fixed remuneration of \$281,250 (effective 1st January, 2016) per annum plus superannuation contributions in accordance with Superannuation Guarantee legislation.
- The CEO's target STI opportunity is a maximum of 25% of fixed remuneration.
- The CEO is eligible to receive up to 153,000 performance rights per annum under the employee benefit plan.

The CEO's termination provisions include a 6 month notice period.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

Non-executive director remuneration 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 calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of the Group 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 Group 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 recognizes 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.

The table below summarises the NED fees for FY16 (inclusive of superannuation)

The table below outlines fees paid to NEDs for FY16 in accordance with statutory rules and applicable accounting standards.

NED remuneration for the year ended 30 June 2016

	Financial year	Short-term benefits	Post-employment	Total
		Board and committee fees	Superannuation	
		\$	\$	\$
Kosmas Dimitriou	2016	31,963	3,037	35,000
Akira Yoshida	2016	35,000	-	35,000
Peter Coolentianos	2016	31,963	3,037	35,000
Total	2016	98,926	6,074	105,000

NED remuneration for the year ended 30 June 2015

	Financial year	Short-term benefits	Post-employment	Total
		Board and committee fees	Superannuation	
		\$	\$	\$
Kosmas Dimitriou	2015	3,874	368	4,242
Akira Yoshida	2015	4,242		4,242
Peter Coolentianos	2015	3,874	368	4,242
Total	2015	11,990	736	12,726

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

Additional statutory disclosures

Shareholdings of KMP*

Shares held in IQ3Corp Ltd (number)

	Balance 1 July 2015 [^]	Granted as remuneration	Net change other #	Balance 30 June 2016
30 June 2016				
Non-executive directors				
K. Dimitriou	-	-	-	-
A. Yoshida	150,000	-	-	150,000
P. Coolentianos	66,667	-	-	66,667
Executive directors				
S. K. Sakiris	20,875,000	-	-	20,875,000
Senior executives				
George Symmalis	20,495,112	-	-	20,495,112
Total	41,586,779	-	-	41,586,779
	Balance 1 July 2014 [^]	Granted as remuneration	Net change other #	Balance 30 June 2015
30 June 2015				
Non-executive directors				
K. Dimitriou	-	-	-	-
A. Yoshida	-	-	150,000	150,000
P. Coolentianos	-	-	66,667	66,667
Executive directors				
S. K. Sakiris	20,750,000	-	125,000	20,875,000
Senior executives				
George Symmalis	20,461,112	-	34,000	20,495,112
Total	41,211,112	-	375,667	41,586,779

*Includes shares held directly, indirectly and beneficially by KMP.

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

[^] Pre-IPO shares considered restricted by the ASX held in escrow for a period of 24 months from listing.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (Continued)

Signed in accordance with a resolution of the directors.



Peter Coolentianos

Chairman

Date: 29th August 2016

Corporate governance statement

iQ3Corp Ltd and the board are committed to achieving and demonstrating the highest standards of corporate governance. iQ3Corp Ltd has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2016 corporate governance statement is dated as at 30 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 29th August 2016. A description of the Company's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.iq3corp.com/corporate-governance/.

Auditor's Independence Declaration

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
IQ3CORP LTD
ACN 160 238 282

As lead auditor for the audit of iQ3Corp Limited for the financial year ended 30 June, 2016, I declare that, to the best of my knowledge and belief, 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.

FORTUNITY ASSURANCE

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

TR Davidson

Partner

Dated: 31 August, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		Consolidated	
		2016	2015
	Note	\$	\$
Revenue	5(a)	2,117,533	922,211
Cost of sales		(364,728)	-
Employee benefits expense		(1,920,176)	(981,392)
Office sharing cost		(429,145)	(79,880)
Depreciation expense		(30,309)	(14,251)
Other expenses	5(b)	(1,134,550)	(1,426,572)
Consultancy fees		(234,223)	-
Finance costs	5(c)	(5,801)	(351,152)
Finance income	5(d)	13,648	20,181
Loss before income tax		(1,987,751)	(1,910,855)
Income tax benefit		-	-
Loss for the year		(1,987,751)	(1,910,855)
Other comprehensive income, net of income tax			
Other comprehensive income for the year		-	-
Total comprehensive income		(1,987,751)	(1,910,855)
Basic and diluted earnings per share			
– Basic loss per share (cents per share)	16	(1.95)	(2.31)
– Diluted loss per share (cents per share)	16	(1.95)	(2.31)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

		Consolidated	
	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash	6	378,402	3,846,198
Trade and other receivables	7	823,303	161,466
Prepayments		62,322	63,517
Other current assets	8	765,086	50,047
TOTAL CURRENT ASSETS		2,029,113	4,121,228
Non-Current Assets			
Property, plant and equipment	9	204,869	104,918
Intangible assets	10	152,691	691
Investment in Associate	18(a)	620,874	-
Other investments	18(b)	382,503	-
Deferred tax assets		-	-
Other non-current assets		-	391
Total non-current assets		1,360,937	106,000
Total assets		3,390,050	4,227,228
Liabilities			
Current liabilities			
Trade and other payables	11	556,160	353,959
Deferred revenue		1,011,829	-
Employee benefit liabilities	13	63,504	35,626
Total current liabilities		1,631,493	389,585
Non-current liabilities			
Deferred tax liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		1,631,493	389,585
Net Assets		1,758,557	3,837,643
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	14	6,556,185	6,729,070
Reserves		81,550	-
Accumulated losses		(4,879,178)	(2,891,427)
Total equity		1,758,557	3,837,643
Total equity and liabilities		3,390,050	4,227,228

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Contributed Equity (Note 14) \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	6,729,070	-	(2,891,427)	3,837,643
Comprehensive income				
Loss for the year	-	-	(1,987,751)	(1,987,751)
Other comprehensive income	-	81,550	-	81,550
Total comprehensive loss	-	81,550	(1,987,751)	(1,906,201)
<i>Transactions with owners in their capacity as owners</i>				
Share issue transaction costs	(172,885)	-	-	(172,885)
Balance at 30 June 2016	6,556,185	81,550	(4,879,178)	1,758,557
Balance at 1 July 2014	435,018	-	(980,572)	(545,554)
Comprehensive income				
Loss for the year	-	-	(1,910,855)	(1,910,855)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,910,855)	(1,910,855)
<i>Transactions with owners in their capacity as owners</i>				
Issue of share capital (Note 14)	4,400,000	-	-	4,400,000
Issue of convertible notes (equity component - Note 14)	250,000	-	-	250,000
Implied interest on equity component of convertible notes (Note 14)	272,440	-	-	272,440
Conversion of notes previously classified as a liability (Note 14)	1,453,038	-	-	1,453,038
Share issue transaction costs (Note 14)	(81,426)	-	-	(81,426)
Balance at 30 June 2015	6,729,070	-	(2,891,427)	3,837,643

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

		Consolidated	
		2016	2015
	Note	\$	\$
Operating activities			
Receipts from customers		1,667,449	1,076,450
Payments to suppliers and employees		(3,051,081)	(2,476,129)
Interest received		13,648	20,181
Interest paid		(5,801)	(477)
Net cash flows used in operating activities	6	(1,375,785)	(1,379,975)
Investing activities			
Proceeds from sale of plant and equipment		-	34,348
Purchase of property, plant and equipment		(130,260)	(57,606)
Investments in associates		(1,003,377)	-
Payment for capital work in progress		(867,039)	
Purchase of intangible assets		-	(691)
Net cash flows used in investing activities		(2,000,676)	(23,949)
Financing activities			
Proceeds from shares issue		-	4,650,000
(Repayment of)/ proceeds from borrowings		-	(4,000)
Share issue transaction costs		(172,885)	(81,426)
Net cash flows from financing activities		(172,885)	4,564,574
Net increase in cash and cash equivalents		(3,549,346)	3,160,650
Cash and cash equivalents at 1 July		3,846,198	685,548
Net effect of exchange rate changes on cash		81,550	-
Cash and cash equivalents at 30 June	6	378,402	3,846,198

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

Notes to the consolidated financial statements

For the Year Ended 30 June 2016

1. Corporate information

The financial statements of iQ3Corp Ltd (the "Company") and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 29th day of August 2016.

iQ3Corp Ltd is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

Summary of significant accounting policies

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

b. Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c. Changes in accounting policy, accounting standards and interpretations

(i) *Changes in accounting policies, new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2015/2016 do not impact the financial statements of the Group.

(ii) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Group
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules	Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and financial liabilities. There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

c. Changes in accounting policy, accounting standards and interpretations (continued)

(ii) New standards and interpretations not yet adopted (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(a) Interest in subsidiaries

The financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2016 and the results of all subsidiaries for the period then ended.

The Group controls a subsidiary if and only if it has;

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

(b) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the Group's normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Fair value of assets and liabilities

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

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

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities

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

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

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

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

(d) Revenue and other income

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

(e) Cash

Cash in the statement of financial position comprises cash at bank and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, as defined above.

(f) Other receivables

Other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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

– Plant and Equipment	10% - 15%
– Furniture, Fixtures and Fittings	15% - 30%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. An operating lease is a lease other than a finance lease.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(i) Intangible assets

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 derecognition 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.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

(i) Intangible assets

Development cost

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

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

(j) Impairment of non-financial assets

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

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

(k) Trade and other payables

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

(l) Provisions and employee benefit liabilities

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.

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and accumulating sick leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. 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 of 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.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

(m) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows 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 part of operating cash flows.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Segment information

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

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

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

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

5. Revenue and expenses

(a) Revenue	2016	2015
	\$	\$
Consulting fees	1,679,838	869,566
Shared services	437,695	52,645
	2,117,533	922,211
(b) Other expenses		
Accounting fees	99,446	57,757
Advertising and marketing	123,406	340,018
Travel and accommodation	133,792	50,402
Listing and prospectus costs	29,243	330,189
Occupancy Costs	150,639	105,858
Legal and consulting fees	49,244	299,308
Other	548,780	243,040
	1,134,550	1,426,572
(c) Finance Costs		
Interest expenses	5,801	477
Implied interest on debt portion of convertible notes	-	350,675
	5,801	351,152
(d) Finance Income		
Interest income	13,648	20,181

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

6. Cash

	2016	2015
	\$	\$
Cash at bank and on hand	378,402	3,846,198
Cash flow reconciliation		
Reconciliation of net loss after tax to net cash flows used in operations:		
Loss for the year	(1,987,751)	(1,910,855)
Adjustments to reconcile before tax to net cash flows:		
Depreciation of property, plant and equipment	30,309	14,251
Implied interest on debt portion of convertible notes	-	350,675
Adjustments for:		
(increase)/decrease in other receivables	(661,837)	121,801
(increase)/decrease in prepayments	1,195	(53,662)
(Increase)/decrease in other assets	391	1,458
(increase)/decrease in deferred tax assets	-	-
increase/(decrease) in deferred tax liability	-	-
increase/(decrease) in trade and other payables	1,214,030	63,919
increase/(decrease) in employee benefit liabilities	27,878	32,438
Net Cash flows used in operating activities	(1,375,785)	(1,379,975)

7. Trade and other receivables

	2016	2015
	\$	\$
Trade receivables	5,000	-
Other receivables	189,142	141,937
Related party trade receivables	629,161	19,529
	818,303	161,466

Credit risk

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. The main source of credit risk to the Group is considered to relate to the class of assets described as other receivables.

Financial assets classified as loans and receivables

- Total Current	823,303	161,466
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Collateral pledged

No collateral is held over other receivables.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

8. Other current assets

	2016	2015
	\$	\$
Deposits paid	861	-
Rental bond	50,047	50,047
Capital work in progress	714,178	-
	765,086	50,047

9. Property, Plant and Equipment

	Furniture, fixtures and fittings	Leasehold improvements	Plant and Equipment	Total
	\$	\$	\$	\$
Cost				
At 1 July 2014	9,068	69,163	17,851	96,082
Additions	5,313	5,274	47,019	57,606
Disposals	(154)	(460)	(11,234)	(11,848)
Transfer	-	(22,500)	-	(22,500)
At 30 June 2015	14,227	51,477	53,636	119,340
Additions	27,089	84,034	19,137	130,260
At 30 June 2016	41,316	135,511	72,773	249,600
Depreciations				
At 1 July 2014	83	18	70	171
Depreciation charge for the year	1,560	5,038	7,653	14,251
At 30 June 2015	1,643	5,056	7,723	14,422
Depreciation charge for the year	3,274	11,772	15,263	30,309
At 30 June 2016	4,917	16,828	22,986	44,731
Net Book Value				
At 30 June 2016	36,399	118,683	49,787	204,869
At 30 June 2015	12,584	46,421	45,913	104,918

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

10. Intangible assets

	Software Development Costs	Total
	\$	\$
Cost		
At 1 July 2014	-	-
Additions	691	691
At 30 June 2015	691	691
Additions	152,000	152,000
At 30 June 2016	152,691	152,691
Amortisation		
At 1 July 2014	-	-
At 30 June 2015	-	-
At 30 June 2016	-	-
Net Book value		
At 30 June 2016	152,691	152,691
At 30 June 2015	691	691

11. Trade and other payables

	2016	2015
	\$	\$
Current		
Trade payables	218,935	30,431
Sundry payables and accrued expenses	307,999	321,035
Related party loans (net)	29,226	2,493
	556,160	353,959

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

12. Borrowings

	2016	2015
	\$	\$
Current/non-current		
Convertible notes - liability	-	-

Convertible note terms

Prior to listing on the Australian Stock Exchange, the Company issued a total of 2,145,000 convertible notes, each with a face value of \$1. Each convertible note may convert upon issue of a conversion notice by the Company either prior to, or on maturity of the convertible note.

The Company converted all existing convertible notes on issue into shares on the same date that the Group was admitted to the ASX.

Shares allotted on conversion of the convertible notes rank equally in all respects with the Company's existing fully paid ordinary shares.

The movement in convertible notes on issue is as follows:

	2016
	\$
Opening balance 1 July 2014 (liability)	1,895,000
New issue prior to conversion (recognised in equity)	250,000
Conversion of all notes to ordinary shares	(2,145,000)
Note on issue at 30 June 2015	-
Note on issue at 30 June 2016	-

13. Employee benefit liabilities

	2016	2015
	\$	\$
Current		
Employee benefit	63,504	35,626
	63,504	35,626

Employee benefits represents amounts accrued for 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 within 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.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

14. Contributed equity and reserves

	2016	2015
	\$	\$
(i) Shares capital		
ordinary shares - net of transaction costs	6,556,185	6,729,070
(ii) Other equity securities		
Convertible notes classified as equity, net of transaction costs	-	-
Total Contributed equity	6,556,185	6,729,070

(a) Movements in ordinary share capital

	Number of Shares	\$
Opening balance 1 July 2014	80,000,000	435,018
Implied interest on equity component of convertible notes	-	272,440
Issue of convertible notes (equity component)	-	250,000
Conversion of notes previously classified as liability	7,150,000	1,453,038
Issue of shares, net of transaction cost	14,666,667	4,318,574
Balance at 30 June 2015	101,816,667	6,729,070
Transaction costs	-	(172,885)
Balance at 30 June 2016	101,816,667	6,556,185

Ordinary shares participate in dividends and the proceeds on winding up of the entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital Management

Management controls 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.

Loyalty options

As at the date of this report, 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 14th May 2015). The option holder must hold one underlying share for each option to be exercised as at date of exercising.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

15. Contributed equity (continued)

(a) Movements in ordinary share capital (continued)

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.

(b) Movements in reserve

	2016	2015
	\$	\$
Opening balance	-	-
Exchange differences on the translation of foreign operations	81,550	-
Closing balance	81,550	-

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation on consolidation of the financial statements of the subsidiaries, which do not have an Australian Dollar functional currency.

16. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of iQ3Corp Ltd by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2016	2015
	\$	\$
Loss attributable to owners of iQ3Corp Ltd for basic earnings	(1,987,751)	(1,910,855)
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares for basic and diluted EPS	101,816,667	82,570,183
Basic loss per share (cents per shares)	(1.95)	(2.31)
Diluted loss per share (cents per shares)	(1.95)	(2.31)

Employee performance rights could potentially dilute earnings per share in the future but have not been included in the calculation of diluted earnings per share because they were anti-dilutive.

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

17. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, other receivables and trade and other payables.

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

	Note	2016 \$	2015 \$
Financial Assets			
Cash	6	378,402	3,846,198
Other receivable	7	818,303	161,466
Total Financial assets		1,196,705	4,007,664
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	11	556,160	353,959
Total Financial Liabilities		556,160	353,959

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Group's operations. The Group does not have any derivative instruments as at 30 June 2016.

The finance committee, consisting of senior executives of the Group, 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.

Specific Financial Risk Exposures and Management

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

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

17. Financial risk management (continued)

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.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables is provided in Note 8.

Other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 8.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2016 \$	2015 \$
Cash	6	<u>378,402</u>	<u>3,846,198</u>
		378,402	3,846,198

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

17. Financial risk management (continued)

Credit risk (continued)

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment	556,160	353,959	-	-	-	-	556,160	353,959
Trade and other payables								
Loan – other	-	-	-	-	-	-	-	-
Total contractual outflows	556,160	353,959	-	-	-	-	556,160	353,959
Total expected outflows	556,160	353,959	-	-	-	-	556,160	353,959
Financial assets — cash flows realisable								
Cash	378,402	3,846,198	-	-	-	-	378,402	3,846,198
Other receivables	818,303	161,466	-	-	-	-	818,303	161,466
Total anticipated inflows	1,196,705	4,007,664	-	-	-	-	1,196,705	4,007,664
Net inflows on financial instruments	640,545	3,653,705	-	-	-	-	640,545	3,653,705

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

17. Financial risk management (continued)

Net fair values

Fair value estimation

Any differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie Other receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

Cash and cash equivalents, Other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

18. Investments

Composition of the group	Principal place of business/ Country of incorporation	Percentage owned (%)*	Percentage owned (%)*
		2016	2015
Subsidiaries:			
iQ Group (Global) LLC	USA	100	100
The Biotech Company Pty Ltd	Australia	100	100
Sonholdings LLC (T/as Son Enterprise in NY)	USA	100	-
iQ Capital (USA) LLC	USA	100	-
The iQ Capital (Operations) LLC	USA	100	-
Associates:			
New Frontier Holdings LLC ('New Frontier') ^(a)	USA	40	-

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

(a) Investment in associate accounted for using equity method

	\$
Reconciliation to carrying amount:	
Net asset at acquisition	1,413,338
Profit (loss) for the period	-
Other comprehensive income	-
Closing net assets	1,413,338
Consolidated entity's share in %	40%
Consolidated entity's share at acquisition in \$	565,335
Foreign translation differences	55,539
Consolidated entity's share at reporting date in \$	620,874

(b) Other investments carried at cost

	2016	2015
	\$	\$
Investments in listed company	382,503	-

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

19. Related party disclosures

(a) Key management personnel compensation

	2016	2015
	\$	\$
Short-term employee benefits	503,047	114,779
Post employments benefits	42,670	10,501
	545,717	125,280

(b) Transactions with other related parties

Consulting fees received from related entities	1,679,837	869,566
Office sharing fees received from related entities	437,695	52,645
Total fees received from related entities	2,117,532	922,211
Payment of office sharing costs to related entities	429,145	79,880
Capital raising fees paid to related entities	-	95,586
Total costs paid to related parties	429,145	175,466
Loans from related parties	(96,326)	-
Loans to related entities	449,635	2,492
Loans to subsidiary	-	391

20. Commitments and contingencies

(a) Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2016	2015
	\$	\$
Within one year	162,127	149,150
After one year but not more than five years	109,698	248,583
	271,825	397,733

The property lease is a non-cancellable lease with a three year and 11 month term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. The lease allows for subletting of all lease areas.

(b) Contingent liabilities and contingent assets

The Group has no contingent liabilities or assets as at the reporting date (2015: None).

Notes to the consolidated financial statements (continued)

For the Year Ended 30 June 2016

21. Events after balance date

There are no significant events since the end of the reporting period (2015: None).

22. Remuneration of auditors

	2016 \$	2015 \$
Fortunity Assurance		
<i>(i) Audit and other assurance services</i>		
Audit of financial statements	19,000	15,000
Total remuneration for audit and other assurance services	19,000	15,000
<i>(ii) Other services</i>		
Preparation and lodgement of statutory returns with NSX and ASX	-	2,750
Total remuneration for other services	-	2,750
Total remuneration of Fortunity Assurance	19,000	17,750

23. Information relating to iQ3 Corp Ltd (the parent)

	2016 \$
Current assets	2,299,695
Total assets	3,463,958
Current liabilities	1,703,143
Total liabilities	1,703,143
Contributed equity	6,556,185
Accumulated losses	(4,795,370)
	1,760,815
Loss of the Parent entity	(1,907,299)
Total comprehensive income of the Parent entity	(1,907,299)

The parent entity has not given any guarantees in relation of the debts of its subsidiaries

The parent did not have any other contingent liability or a contractual commitments

Directors' Declaration

In accordance with a resolution of the directors of iQ3Corp Ltd, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the IQ3Corp Ltd for the financial year ended 30 June 2016 are 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 2016 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 statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2; and
 - (c) 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. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Board.



Peter Coolentianos

Chairman

Sydney

Date: 29th day of August 2016

Independent Audit Report to the members of iQ3Corp Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IQ3CORP LTD ACN 160 238 282

Report on the Financial Report

We have audited the accompanying financial report of IQ3Corp Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the Directors of Iqnovate Limited would be in the same terms if provided to the Directors as at the date of this auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
IQ3CORP LTD
ACN 160 238 282**

Auditor's Opinion

In our opinion:

- (a) the financial report of IQ3Corp Ltd is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of IQ3Corp Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

FORTUNITY ASSURANCE



TR Davidson
Partner

Dated: 31 August, 2016

ASX additional information

30 June 2016

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 July 2016.

(a) Distribution of equity securities

Ordinary share capital

101,816,667 fully paid ordinary shares are held by 371 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares
1 - 1,000	9
1,001 - 5,000	11
5,001 - 10,000	101
10,001 - 100,000	175
100,001 and over	75
	371

(b) Substantial Shareholders

Shareholders grouped by common controllers	Number	Percentage
i) Oceana Horizon Pty Ltd*	7,150,000	
Anest Holdings Pty Ltd	125,000	
Active Immunity Pty Ltd*	13,600,000	
Total	20,875,000	20.50
ii) Mr George Syrmalis		
Life Science investment Pty Limited*	6,400,000	6.29
Derivative Investments Pty Limited*	14,061,112	13.81
Total	20,461,112	20.96
iii) Zeolite Investments Pty Limited*	8,800,000	8.64
Babi Holdings Pty Limited*	4,000,000	3.92
Total	12,800,000	12.57
iv) Biodynamic Investments Pty Limited*	8,888,888	8.73

* Shares held in escrow until 24 months following the ASX listing date (18 May 2015).

ASX additional information (continued)

(c) Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully Paid	
	Number	Percentage
Derivative Investments Pty Limited	14,061,112	13.81
Active Immunity Investments	13,600,000	13.36
Biodynamic Investments Pty Ltd	8,888,888	8.73
Zeolite Investments Pty Limited	8,800,000	8.64
Oceana Horizon Pty Ltd	7,150,000	7.02
Life Science Investments Pty Limited	6,400,000	6.29
Babi Holdings Pty Limited	4,000,000	3.92
Champ Power Holdings Ltd	3,500,000	3.44
Bg Ventures Ltd	3,250,000	3.19
Able Rise International Ltd	3,200,000	3.14
Mr Spiro Sakiris & Ms Sophie Sakiris	2,166,666	2.13
Bartelm Pty Ltd	1,770,874	1.74
Biofarma Investments Pty Ltd	1,750,000	1.72
Colin J. Odams Pty Ltd	1,716,666	1.69
Solution Effective Pty Ltd	1,200,000	1.18
Mr James Simos & Mrs Christina Simos	626,999	0.62
Markovic Family Pty Ltd	600,000	0.59
Michael Constantine	500,000	0.49
Nicky Constantine	400,000	0.39
Achelles Nominees Pty Ltd	363,333	0.36
	83,944,538	82.45

(d) Consistency with business objectives

In accordance with ASX Listing Rule 4.10.19, the Company states that 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 Prospectus dated 23 February 2016.

(e) Restricted Securities

Escrowed shares

As at the date of this report, the 80,000,000 shares on issue prior to the Company Official Listing on the ASX are classified as restricted and are subject to restrictions on sale and other dealings for a period of 24 months from the date of official quotation. The 24 month period will expire on 18 May 2017.

Loyalty Options

As at the date of this report, 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. Out of these there are 191,667 options that are subject to restrictions on sale and other dealings for a period of 24 months from the date of issue. The 24 month restriction period will expire on 1 May 2017.

