2019 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

CONTENTS

CORPORATE DIRECTORY

ACN 149 731 644

Directors

Dr George Syrmalis, *Chair and Group Chief Executive Officer*

Con Tsigounis

Peter Buchanan Simpson

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 9, 85 Castlereagh Street
Sydney NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street
Sydney NSW 2000

Share register

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Auditor

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000

Stock exchange listings

iQNovate Ltd shares are listed on the National Securities Exchange (NSX:IQN).

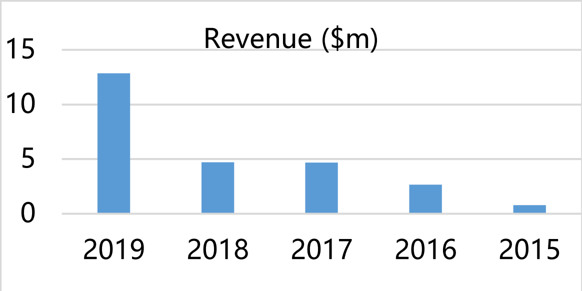
Website address

www.iqnovate.com

CHAIR AND GROUP CEO'S REPORT

On behalf of the Board of Directors, I am pleased to share that iQnovate Ltd has experienced significant growth in all asset management activities and subsidiary entities (Clinical Research Corporation (CRC) and FarmaForce (ASX: FFC)) for the financial year ended 30 June 2019.

iQnovate Ltd increased revenue by 167% to $12.60m from prior year, accelerating a positive five year trend for the company (refer to graph below).



iQnovate Ltd.'s revenue is generated through three separate streams –

- Commercial through provision of services to the pharmaceutical and biotechnology industry.
- Capital gains due to the appreciation of iQnovate assets and interest.
- Research and development activity, regulatory and market access services, medical affairs services, pharmacovigilance and other very specialised scientific services.

The market capitalisation of the company as of 30 September 2019 is **$105.88m.**

My focus for iQnovate Ltd has been firmly on our bioscience development programmes, where we have made meaningful progress. Through our subsidiary holding companies we have continued to heavily invest in the research and development programme of the Saliva Glucose Biosensor and the expansion of the Biosensor Diagnostic Test Portfolio.

Key operational milestones include:

- The Biosensor research development cycle is nearing regulatory approval milestones and has reached the design and manufacturing phase.
- The Biosensor development team has grown significantly, and our research and development capability now extends beyond The Centre for Organic Electronics at The University of Newcastle to European research and development institutions.
- The initial test being developed from the Biosensor Diagnostic Platform is the Saliva Glucose Biosensor, a glucose test for people living with diabetes intended to replace finger-pick blood testing. Future tests now being incorporated within the development programme include several new point of care diagnostic test portfolios for layman and professional use. These include:
  - Biochemistry
  - Immunology
  - Tumour markers
  - Endocrinology
  - Communicable diseases
  - Nucleic acids
- Infrastructure has been established for the impending launch of the Saliva Glucose Biosensor into the Asia Pacific region (APAC). This region consists of 37 countries, including Australia, New Zealand, Japan, China,

Singapore, and Malaysia, as well as other smaller countries, addressing approximately 164 million people living with diabetes.

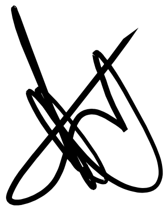
In addition to the programme development for the Biosensor Diagnostic Test Portfolio, over the last two years the iQNovate Ltd Team has been negotiating a significant acquisition. On September 17, iQnovate Ltd announced its Oncology franchise company, OncoTEX Inc., acquired a novel anticancer drug platform (TEX Core) from the University of Texas and MD Anderson Cancer Center.

TEX Core is an anticancer drug platform that has the ability to develop a range of well-tolerated, MRI-detectable cancer therapeutics that target drug-sensitive and drug-resistant solid tumours.

The first cancer therapeutic to be commercialised from the platform is OxaliTEX, a new chemical entity (WO 2015/191797) that targets only solid tumour cells, activates within the tumour and overcomes drug-resistance mechanisms with minimal side effects.

The company will continue to work with the original Texas University and MD Anderson Cancer Center research and development group. The TEX Core platform represents extremely valuable intellectual property for IQNovate Ltd and more broadly The iQ Group Global, as the IP portfolio consists of approximately 20 patents and is expected to grow further.

To synopsise I would say that the company has met significant corporate and scientific milestones and will be in the future intensifying its capital investment into the assets it has acquired. The closer the assets get to market the more capital investment will be required. It's of significance to iQNovate shareholders to realise that all these acquisitions and further development are self funded and not of dilutive nature to iQNovate shareholders. Last but not least, I need to reiterate a business belief I try to practice in every acquisition we make "you make your money when you buy not when you sell" so in simple terms; it's the acquisition price that will determine our future capital gains rather than a reliance on an appreciating or bull market to create profit.



Dr George Syrmalis

Chair and Group CEO

OPERATING AND FINANCIAL REVIEW

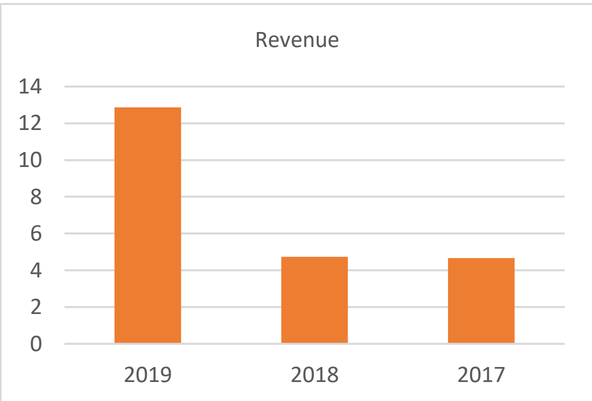
The Operating and Financial Review ("OFR") is provided to assist shareholders' understanding of the performance of iQnovate Ltd ("iQN" or the "Company") and its subsidiaries (collectively referred to as "the Group") and the factors underlying the Group's results and financial position for the period 1 July 2018 to 30 June 2019.

Revenue and net profit	**Movement**	**Percentage change**	**2019**
Revenue from ordinary activities	Up	167%	12,604,606
Loss from ordinary activities after tax	Down	2%	(14,477,407)
Loss from ordinary activities after tax attributable to owners	Down	8%	(12,183,043)

Net tangible assets per security	**2019**	**2018**
Net tangible assets per security (cents per security)	(6.53)	(4.54)

SUMMARY OF FINANCIAL RESULTS

- Revenue increased 167% to $12.6m as a result of increased market share and revenue within the contract sales business unit (FarmaForce);
- Increase in loss after tax to $14.5m;
- Additional expenditure on development, regulatory approval preparation, patents and staff to develop portfolio of projects.



OPERATING HIGHLIGHTS

Refer to the Chair and Group CEO's Report on pages 3 to 4 for operating highlights.

About iQnovate (NSX: iQN)

iQnovate is a life science organisation providing intellectual asset property management services. It owns and manages bioscience assets and collaborates with some of the most respected universities and research institutions around the world. IQnovate is a core member of The iQ Group Global, a consortium of companies that find, fund and develop bioscience discoveries into life-changing medical innovations.

iqnovate.com

About FarmaForce (ASX: FFC)

FarmaForce is an award-winning contract sales organisation (CSO) that provides results-driven sales teams and solutions to the Australian healthcare market. FarmaForce are experts in the Australian healthcare industry and offer strategic and collaborative partnering that helps clients win.

Farmaforce.com.au

About Clinical Research Corporation (CRC)

CRC is a medical affairs services organisation that provides strategic solutions across market access, government affairs, PR and medical affairs to the pharmaceutical, device and healthcare industry throughout the entire product development life cycle.

crcaustralia.com

About The iQ Group Global

The iQ Group Global is a consortium of companies that find, fund and develop bioscience discoveries into life-changing medical innovations, and take them to the people who need them most.

www.theiqgroupglobal.com.

About GBS Inc.

GBS Inc. is a biosensor diagnostic technology company commercialising the Saliva Glucose Biosensor in 37 countries within the Asia Pacific region including Australia, Indonesia, Japan and New Zealand. GBS Inc. intends to make finger-prick blood glucose testing obsolete for more than 164 million people living with diabetes in the Asia Pacific region.

www.glucosebiosensor.com

About OncoTEX Inc.

OncoTEX Inc. owns TEX Core, a novel anticancer drug platform that enables the development of well-tolerated, MRI-detectable cancer therapeutics that target drug-sensitive and drug-resistant solid tumours. OncoTEX Inc.'s major shareholders include iQnovate (NSX: iQN) a life science organisation providing intellectual asset property management services, iQX Ltd (NSX: IQX), a dedicated life science investment company and fund manager, and iQ3Corp Lt (ASX: IQ3), a life science corporate advisory firm.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of iQnovate Ltd ("iQN" or the "Company") and controlled entities (collectively referred to as the "Group") as at and for the year ended 30 June 2019.

DIRECTORS

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

Dr George Syrmalis

Chair and Group Chief Executive Officer
Appointed: 8 March 2011

Trained in Nuclear Medicine-Radiation Immunology.

Dr Syrmalis founded and led as CEO and Chair of The Bionuclear Group SA, (1995-2005) incorporating Antisoma SA, Bionuclear Institute of Diagnosis and Therapy SA, Bionuclear Research and Development SA, and Vitalcheck SA.

Dr Syrmalis is currently a Non-executive Director of FarmaForce Limited, a company listed on the Australian Stock Exchange; and Executive Director of iQX Limited, a company listed on the National Stock Exchange of Australia.

Dr Syrmalis serves as a member of the Remuneration and Nomination Committee, and the Audit and Risk Management Committee, for iQnovate Ltd.

Con Tsigounis

Executive Director
Appointed: 8 March 2011

Member of the Australian Institute of Company Directors.

Mr Tsigounis has over 23 years' experience in business and investor relations, specifically in the wholesale and retail sectors. As a member of the Board of iQnovate Ltd since its inception, Con has been responsible for executing the company's investor relations and capital raising strategy. His experience in shareholder relationship management gives him the necessary skillset to assist the Company attain its corporate objectives.

Mr Tsigounis is currently a Non-Executive Director of FarmaForce Limited, a company listed on the Australian Stock Exchange.

Peter Simpson

Non-Executive Director
Appointed: 28 July 2011

Master of Pharmacy

Mr Simpson has extensive experience in the pharmaceutical industry and has been involved in the development of pharmaceutical products for both the Australian and international markets. For eight years he was the Research and Development Manager at David Bull Laboratories and oversaw the development and approval of over 80 products in the Australian, UK and US markets.

Mr Simpson is currently a Non-Executive Director of iQX Limited, a company listed on the National Stock Exchange of Australia.

Mr Simpson serves as a member of the Remuneration and Nomination Committee, and the Audit and Risk Management Committee, for iQnovate Ltd.

COMPANY SECRETARY

Gerardo Incollingo

Bachelor of Commerce (University of Wollongong), Member CPA Australia

Gerardo has more than 20 years of experience in managing the financial affairs of the diverse client base with key focus on day to day contact management of the business to help grow the profitability and strength of his clients going forward. He is managing director at LCI partners an established multinational accounting, finance and legal firm.

Gerardo is company Secretary of iQ3 Corp Limited and iQX Limited.

PRINCIPAL ACTIVITIES

During the year the principal activity for the Group consisted of the provision of asset management services to listed and unlisted companies in the Life Science industry.

DIVIDENDS

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

REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the operating and financial review ("OFR") on page 5 of this Annual Report.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Disclosure of the information regarding likely developments in the operation of the Group in the future years and the expected result of those operations is likely to result in unreasonable prejudice to the Group (e.g. because of the information is premature, commercially sensitive or confidential or could give a third party a commercial advantage).

Accordingly, this information has not been disclosed in this report. The omitted information relates to Group's internal budgets, forecasts and estimates.

ENVIRONMENTAL REGULATION

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

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

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

REMUNERATION REPORT

The Remuneration Report is set out on pages 11 to 16 and forms part of the Directors' Report for the year ended 30 June 2019.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

INDEMNIFICATION OF AUDITORS

The Company has not, during or since the end of the financial year ended 30 June 2019, 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.

CHANGE OF AUDITOR

During the year the Company received approval from the Australian Securities and Investments Commission (ASIC) to change its auditors. BDO East Coast Partnership have been appointed by the Board of Directors as the auditor. In accordance with section 327C of *the Corporations Act 2001*, a resolution will be placed to ratify the appointment of BDO East Coast Partnership as the Company's auditor.

NON-AUDIT SERVICES

Details of the amounts paid to the auditor of the Group, BDO East Coast Partnership and its network firms for audit and non-audit services provided during the year ended 30 June 2019 are disclosed in note 26 of the consolidated financial statements. The Directors are satisfied that the provision of those non-audit services during the period is compatible with, and did not compromise the auditor independence requirements of the *Corporations Act 2001 (Cth)* or as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks or rewards.

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the year ended 30 June 2019.

MEETINGS OF DIRECTORS

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

Director	Full meetings of directors		Meetings of committees			
			Audit & Risk Management		Remuneration & Nomination	
	A	B	A	B	A	B
Dr George Syrmalis	6	6	1	1	1	1
Con Tsigounis	6	6	-	-	-	-
Peter Simpson	6	6	1	1	1	1

A – Eligible to attend **B** - Attended

DIRECTORS INTERESTS

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

Director	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of additional Ordinary Shares subject to escrow
Dr George Syrmalis	37,992,750		-
Con Tsigounis	37,148,750		-
Peter Simpson	-	-	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

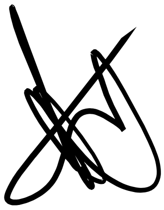
The Company has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Company and those named and referred to above including the directors, company secretaries, officers and certain employees of the Company and related bodies corporate as defined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

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

ROUNDING OF AMOUNTS

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

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



Dr George Syrmalis
Chair
Sydney
30th September 2019

REMUNERATION REPORT (AUDITED)

This remuneration report outlines the remuneration arrangements for Non-Executive Directors, Executive Directors and other Key Management Personnel ("KMP") of the Company for the financial year ended 30 June 2019.

The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The report is presented under the following sections:

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

1. KEY MANAGEMENT PERSONNEL

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

Name	Position	Term as KMP
Non-Executive Directors		
Peter Simpson	Non-Executive Director	Entire year
Executive Directors		
Dr George Syrmalis	Chair and Group CEO	Entire year
Con Tsigounis	Executive Director	Entire year

2. REMUNERATION GOVERNANCE

The Board has established a remuneration and nomination committee ("RNC") which is currently comprised of the following members:

Committee member	
Dr George Syrmalis	Member
Peter Simpson	Chair of RNC

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

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

A full charter outlining the RNC's responsibilities is available at: www.iqnovate.com/corporate-governance/.

3. EXECUTIVE KMP REMUNERATION ARRANGEMENTS

A. Remuneration principles and strategy

In FY2019 the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Company and aligned with market practice. Remuneration levels are considered annually through a remuneration review which considers market data and the performance of the Company and individual.

B. Detail of incentive plans

Short-term incentive (STI)

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

A summary of the Executive STI plan in effect during FY2019 is provided below:

Who participates?	Dr George Syrmalis and Con Tsigounis
How is STI delivered?	Cash
What is the STI opportunity?	Up to 25% of base salary
What are the performance conditions for FY2019?	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)

The following table explains the key features of the Employee Benefit Plan. Dr George Syrmalis and Con Tsigounis are eligible to receive 153,000 and 30,000 performance rights respectively per annum under the EBP.

Who participates?	All employees of the Group.
How is Long Term Incentive delivered?	Entitlement to shares and performance rights.
What are the performance conditions for the FY2019 grant?	Individual performance goals against annual plans.
How is performance assessed?	At the end of the relevant performance period, the Company will determine whether and to what extent the participant has satisfied the applicable performance criteria.
When does the award vest?	Awards vest after a total of three years' continual service following achievement of the applicable performance criteria.
How are grants treated on termination?	The participant must be a current employee at vesting date in order to be entitled to shares.
How are grants treated if a change of control occurs?	If a takeover bid or other offer is made to acquire some or all of the issued shares of the Company, participants will generally be entitled to request that all performance rights vest immediately, regardless of whether the relevant performance conditions have been satisfied.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR FY2019

Group performance and its link to STI

Key Performance Indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPI's target areas the Company believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short-term and long-term goals. The level set for each KPI is based on budgeted figures for the Company and respective industry standards.

The table below provides a summary of the Company's performance in FY2019. The information below is taken into account by the Board when setting and determining short-term and long-term remuneration for KMP.

Short-term incentive payments or EBP awards were made in the period to 30 June 2019 and 30 June 2018 (see table below for details).

LTI made in, or provided for during, the period to 30 June 2019 or 30 June 2018, are shown in page 16.

Share performance				Earnings performance A$ million	
Period	Closing share price at 30 June	Dividend per share	EPS	Revenue	Loss after tax
FY2019	$0.57	NIL	(7.53)	$12.6	($14.5)
FY2018	$0.40	NIL	(9.89)	$4.7	($14.8)
FY2017	$0.45	NIL	(7.60)	$4.7	($9.9)
FY2016	$0.61	NIL	(6.49)	$2.7	($7.4)
FY2015	$0.55	NIL	(10.80)	$0.8	($4.4)

Executive KMP remuneration disclosure for the year ended 30 June 2019

The following table of executive KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2018 to 30 June 2019.

KMP		Short Term				Post employ-ment	Share based payments		Total	
Name	Year	Base salary	Cash bonus	Non-cash benefit	Other[1]	Super-annuation	Perfor-mance rights	Shares	Total	Perfor-mance related %
George Syrmalis	2019	423,167	87,891	3,000	148,960	55,263	84,456	-	802,737	21%
	2018	358,984	105,469	-	122,831	55,792	67,320	114,750	825,146	35%
Con Tsigounis	2019	241,283	58,594	3,000	94,099	35,201	16,560	-	448,737	17%
	2018	247,658	70,313	-	122,831	41,876	13,200	34,500	530,378	22%
Spiro Sakiris	2019	-	-	-	-	-	-	-	-	-
	2018	84,375	56,250	-	-	13,359		13,500	167,484	42%
Total Executive KMP	**2019**	**664,450**	**146,485**	**6,000**	**243,059**	**90,464**	**101,016**	**-**	**1,251,474**	**20%**
	2018	**691,017**	**232,032**	**-**	**245,662**	**111,027**	**80,520**	**162,750**	**1,523,008**	**31%**

[1]This includes car allowance, directors' fee, FBT, annual leave and long service leave.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR FY2019 (CONTINUED)

Executive KMP remuneration disclosure for the year ended 30 June 2019 (Continued)

Share based payments

Mr Syrmalis was issued with 765,000 fully paid ordinary shares for meeting his individual performance goals for the period's FY 2012 to FY2015 inclusive. The shares were issued at $0.15 per share. Shares were issued 28 March 2018.

Mr Tsigounis was issued with 230,000 fully paid ordinary shares for meeting his individual performance goals for the period's FY 2012 to FY2015 inclusive. The shares were issued at $0.15 per share. Shares were issued 28 March 2018.

Mr Sakiris was issued with 90,000 fully paid ordinary shares for meeting his individual performance goals for the period FY2015. The shares were issued at $0.15 per share. Shares were issued 28 March 2018.

5. EXECUTIVE KMP CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for executive KMP are formalised in employment agreements. The key terms and conditions of executive employment agreements for the year ended 30 June 2019 are outlined in the table below.

Executive	Position	Effective date	Fixed annual remuner-ation[1]	Term	Notice period[2]	Termination payment
George Syrmalis	Group Chief Executive Officer	1 January 2019	$525,448	Ongoing	6 months	Superannuation will be paid irrespective of the termination benefits cap under the Corporations Act.
Con Tsigounis	Head, Investor Relations	1 April 2019	$311,890	Ongoing	1 month	Subject to the termination benefits cap under Corporations Act.

[1] Fixed Annual Remuneration includes base salary, plus superannuation contributions in accordance with Superannuation Guarantee legislation, plus car allowance.

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

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Determination of fees and maximum aggregate NED fee pool

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 the General Meeting. At the date of this report this maximum sum is $300,000 (inclusive of superannuation).

Fee policy

NED fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by NEDs who serve on board committees. Directors who also chair the Audit and Risk Management Committee shall be entitled to an additional fee of $5,000 (including superannuation) per annum. The chair of the board attends all committee meetings but does not receive any additional committee fees in addition to base fees.

6. NON-EXECUTIVE DIRECTOR ARRANGEMENTS (CONTINUED)

NEDs may be reimbursed for expenses incurred in attending to the Group's affairs. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

Statutory remuneration table for FY2019

The table below sets out the elements of NED fees and other benefits provided during FY2019.

Fees applicable for FY2019	Chair	Member
Board	$45,000	$50,000
Audit and Risk Management Committee	$5,000	Nil
Remuneration and Nomination Committee	Nil	Nil
Superannuation	Included in above amounts	
Other	Reimbursement of travel and other expenses	

Non-executive remuneration disclosure for the year ended 30 June 2019

The following table of non-executive remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* requirements, for the period 1 July 2018 to 30 June 2019. All amounts are in AUD.

NED	Year	Board fees	Bonus	Non-cash benefit	Super-annuation	Total	Performance Related %
Peter Simpson	2019	36,530	-	-	3,470	40,000	0%
	2018	36,627	-	-	3,480	40,107	0%
Total NED	**2019**	**36,530**	**-**	**-**	**3,470**	**40,000**	**0%**
	2018	**36,627**	**-**	**-**	**3,480**	**40,107**	**0%**

7. ADDITIONAL DISCLOSURES RELATING TO OPTIONS AND SHARES

Movements in Equity Holdings of KMP

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

KMP	Held at 1 July 2018	Granted as remuneration	Received on vesting of rights	Net change other	Forfeited	Held at 30 June 2019
Non-executive Directors						
Peter Simpson	-	-	-	-	-	-
Executive Directors						
George Syrmalis	37,992,750	-	-	-	-	37,992,750
Con Tsigounis	37,148,750	-	-	-	-	37,148,750
Total KMP	**75,141,500**	**-**	-	**-**	**-**	**75,141,500**

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

Movements in Other Equity Holdings of KMP

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

KMP	Held at 1 July 2018	No. granted as remun-eration	No. vested	No. cancelled	No. forfeited	Held at 30 June 2019
Non-executive Directors						
Peter Simpson	-	-	-	-	-	-
Executive Directors						
George Syrmalis	-					
Con Tsigounis	-	-	-	-	-	-
Total KMP	**-**	**-**	**-**	**-**	**-**	**-**

Performance rights table

	Remun eration type	Grant date	Grant Value	% Vested	Expiry date for vesting or payment
Executive Directors					
George Syrmalis	Shares	28/2/2015	84,150	100%	28/2/2018
George Syrmalis	Shares	28/2/2016	84,150	100%	28/2/2019
George Syrmalis	Shares	28/2/2017	61,200	-	29/2/2020
George Syrmalis	Shares	28/2/2018	67,320	-	28/2/2021
George Syrmalis	Shares	28/2/2019	84,456	-	28/2/2022
Con Tsigounis	Shares	28/2/2015	16,500	100%	28/2/2018
Con Tsigounis	Shares	28/2/2016	16,500	100%	28/2/2019
Con Tsigounis	Shares	28/2/2017	12,000	-	29/2/2020
Con Tsigounis	Shares	28/2/2018	13,200	-	28/2/2021
Con Tsigounis	Shares	28/2/2019	16,560	-	28/2/2022

Reason for grant – Performance rights
All grants are in accordance with the Employee Share Scheme (ESS). Each Performance Right confers the entitlement to a fully paid ordinary share after three (3) further years of employment after the first anniversary.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (**Board**) is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders. The Company's corporate governance policies and procedures comply with Annexure 1 of the National Securities Exchange of Australia (NSX) Practice Note 14. In addition, the Company's corporate governance policies and procedures also incorporate those recommendations referred to in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Principles).

Principle 1: Lay solid foundations for management

Role of the Board and Management

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (CEO) and there is a formal delegation structure in place which sets out the powers delegated to the CEO and those specifically retained by the Board, these delegations are reviewed on a regular basis.

Responsibilities of the Board

The Board is responsible for:

- Overseeing the Company, including its control and accountability systems;
- Overseeing the integrity of the accounting and corporate systems, including external audit;
- Appointing and removing the CEO/Managing Director;
- Where appropriate, ratifying the appointment and removal of senior executives;
- Providing input into and final approval of management's development of corporate strategy and performance objectives;
- Reviewing, ratifying and monitoring systems of risk management and internal controls, codes of conduct and legal compliance;
- Monitoring senior executives' performance and implementation of strategy;
- Ensuring timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Ensuring appropriate resources are available to senior executives;
- Approving and monitoring the operating budgets and progress of major capital expenditure, capital management and acquisitions and divestures; and
- Monitoring the effectiveness of the entity's governance practices.

Allocation of individual responsibilities

Formal letters of appointment are provided to all new Directors and Senior Executives setting out key terms and conditions of their appointment.

Responsibilities of management

Management are responsible for implementing the strategic objectives of the Company and operating within the risk appetite set by the Board as well as other aspects of the day-to-day running of the Company.

Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Induction

All new Directors participate in a formal induction process coordinated by the Company Secretary. This induction process includes briefings on the Company's financial, strategic, operational and risk management position, the Company's governance framework and key developments in the Company and the industry and environment in which it operates.

Role and accountability of the Company Secretary

The Company Secretary is appointed by the Board and is responsible for:

- Advising the Board and its Committees on Governance matters;
- Monitoring compliance with Board policies and procedures;
- Co-ordinating Board papers;
- Accurately recording decisions and discussions from Board meetings; and
- Co-ordinating the induction and professional development of Directors.

In addition to the above responsibilities, the Company Secretary played an integral role in assisting with the conduct and processes of the Board, as well as the dispatch of material to the Board members.

Ongoing training

Directors identify additional training needs on an ongoing basis and attend these as necessary to ensure they have the appropriate skills and knowledge to perform their role.

Appointment of Board Members

Prior to appointing or putting forward a candidate for election to the Board, appropriate checks such as character, experience, criminal records and education are performed. All material information in the Company's possession is provided to security holders to allow them to make an informed decision about the suitability of the candidate at the Company's next Annual General Meeting of shareholders.

Principle 2: Structure the Board to add value

The Board's policy is that the Board needs to have an appropriate mix of skills, experience, expertise and diversity to be well equipped to help the Company navigate the range of challenges it faces.

The names, independence status, terms of service, experience, expertise and qualifications, of the members of the Board as at the date of this report are set out in the Director's Report.

The Company does not have a majority of independent directors. The Board considers this to be satisfactory considering the size and complexity of the business.

Composition of the Board

The Board's composition is determined based on criteria set out in the Company's constitution and the Board Charter.

The Board seeks to ensure that:

- At any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective;
- There is a sufficient number of Directors to serve on Board committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- The size of the Board is appropriate to facilitate effective discussion and efficient decision making.

In accordance with the NSX Listing Rules, the Company must hold an election of Directors each year.

Board committees

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board committees:

- Audit and Risk Management Committee; and
- Remuneration and Nomination Committee.

Each of these committees have established charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management as well as independent advice. Copies of the minutes of each Committee meeting are made available to the full Board, and the Chairman of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

Board skills matrix

The key skills required by the Board are highlighted in the matrix below, the Board believes that there are sufficient directors with these skills and there are no deficiencies in these skills in the current Board.

- Risk and compliance: Identify key risks to the Company related to each key areas of operations. Ability to monitor risk and compliance and knowledge of legal and regulatory requirements.
- Financial and Audit: Experience in accounting and finance to analyse statements, assess financial viability, and contribute to financial planning, oversee budgets and funding arrangements.
- Strategy: Ability to identify and critically assess strategic opportunities and threats to the organisation. Develop strategies in context of our policies and business objectives.
- Policy development: Ability to identify key issues for the organisation and develop appropriate policy parameters within which the Company should operate.

Independent decision making

The Board recognises the important contribution independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.

A Director is considered to be independent if he or she is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

If any Director believes there is a change in their independence status, they are required to notify the Board as soon as possible.

The Board has adopted specific principles in relation to directors' independence and considers the following, at least annually, when determining if a Director is independent:

Whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- Is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company or another group member other than as a Director.

Role of the Chairman

The Chairman of the Board is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.

The Chairman facilitates the effective contribution of all Directors and promotes constructive and respectful relations between Directors and between Board and management.

Nomination Committee

The Nomination Committee meets as required during the year to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance and general succession planning for Board / Senior Management;
- Directors' induction and continuing development;
- Board Committee membership; and
- Endorsement of Executive appointments.

The Nomination Committee's Charter sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position following the annual assessment of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance.

Access to information

The Board is provided with the information it needs to discharge its responsibilities effectively and all Directors have complete access to senior management through the CEO or Company Secretary.

In certain circumstances, each Director has the right to seek independent professional advice at the Company's expense, within specified limits, or with the prior approval of the Board.

Principle 3: Act ethically and responsibly

Code of Conduct

The Company's Corporate Ethics Policy and Corporate Code of Conduct sets out the behavior required of Directors, employees and contractors as appropriate and include the observance of legal and other compliance obligations that relate to the Company's activities from time to time. The Board acknowledges and emphasizes the importance of all Directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A Corporate Code of Conduct has been established requiring Directors and employees to:

- Act in the best interest of the entity;
- Act honestly and with high standards of personal integrity;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflicts of interest;
- Comply with the laws and regulations that apply to the entity and its operations;
- Not knowingly participate in any illegal or unethical activity; and
- Comply with the share trading policy outlined in the Code of Conduct.

A Corporate Governance Charter and Board Charter has been adopted which regulates the duties of Directors and their dealings with the Company (including the trading of shares in the Company) both internally and externally.

Principle 4: Safeguard integrity in corporate reporting

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- The adequacy of the entity's corporate reporting processes;
- Whether the entity's financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the entity;
- The appropriateness of the accounting judgements or choices exercised by management in preparing the entity's financial statements;
- The appointment or removal, rotation, independence and performance of the external auditor;
- The scope and adequacy of the external audit and any non-audit services;
- If, and when, the Company establishes an internal audit function:
  - the appointment or removal of the head of internal audit;
  - the scope and adequacy of the internal audit work plan; and
  - the objectivity and performance of the internal audit function.

The members of the Audit and Risk Management Committee throughout the Reporting Period were:

Name	Executive / Non-Executive	Independent?
Dr George Syrmalis	Executive	No
Peter Simpson	Non-Executive	Yes

Accordingly, the Company does not have a majority of independent committee members. The Board considers this to be appropriate considering the size and complexity of the business.

The qualifications and experience of the Audit and Risk Management Committee members and their attendance at Committee meetings is included in the Directors' report.

The Audit and Risk Management Committee reports to the full Board after every meeting on all matters relevant to the committee's roles and responsibilities.

External auditor

The Audit and Risk Management Committee oversees the relationship with the external auditor. In accordance with the *Corporations Act 2001*, the lead Audit Partner on the audit is required to rotate at the completion of a 5-year term.

The external auditor attends the AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Board has received from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Internal control

The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board has received assurance from the Chief Executive Officer and the Chief Operating Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

iQnovate Ltd has established policies and procedures to ensure timely and balanced disclosures of all material matters concerning the Company, and to ensure that all investors have equal and timely access to information on the Company's financial performance.

These policies and procedures include a comprehensive disclosure policy that includes identification of matters that may have a material effect on the price on the Company's securities, quality control procedures over announcements, notifying them to the NSX, posting relevant information on the Company's website and issuing media releases.

The Annual Report includes relevant information about the operations of the Company during the year, key financial information, changes in the state of affairs and indications of future developments. The Annual Reports for the current year and for previous years are available under the Investor Relations section of the Company website.

The half year and full year financial results are announced to the NSX and are available to shareholders via the Company and NSX websites.

All announcements made to the market, and related information (including presentations to investors and information provided to analysts or the media during briefings) are made available to all shareholders under the Investor Relations section of the Company website after they are released to the NSX. All NSX announcements, media releases and financial information are available on Company website within one day of public release.

Principle 6: Respect the rights of security holders

The Company Secretary has been nominated as the person responsible for communications with the NSX.

All Executive Management have an ongoing obligation to advise the Company Secretary of any material non-public information which may need to be communicated to the market.

The Company has an Investor Relations Program which promotes effective communication with shareholders, encourages participation at general meetings and encourages communications throughout the year.

The Company engages with its security holders through:

- Giving them ready access to information about the entity and its governance via the Company website;
- Communicating openly and honestly with them;
- Encouraging and facilitating their participation in meetings of security holders; and
- Providing an email address and telephone number on all communication for security holders who wish to contact the Company

The Company makes all NSX announcements available via its website. In addition, shareholders who are registered receive email notifications of announcements.

The Notice of Annual General Meeting (**AGM**) will be provided to all shareholders and posted on the Company's website. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading and that the nature of the business of the meeting is clearly stated and explained where necessary.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals.

An AGM question form will accompany the Notice of Meeting, giving shareholders the opportunity to forward questions and comments to the Company prior to the AGM. The external auditor is available to answer questions at the AGM.

Principle 7: Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximize shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks.

The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Audit and Risk Management Committee and the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The recent economic environment has emphasized the importance of managing and reassessing key business risks.

The Board is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Board requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively.

The Company does not presently have an internal audit function. The evaluation of the risk management and internal control process is the responsibility of the Audit and Risk Management Committee and is performed in conjunction with senior executives. External consultants may be used in certain circumstances, however, have not been used during the financial year.

Principle 8: Remunerate fairly and responsibly

The Company's remuneration policy is designed in such a way that it:

- Motivates senior executives to pursue the long-term growth and success of the Company; and
- Demonstrates a clear relationship between senior executives' performance and remuneration.

The remuneration policy, which sets out the remuneration framework for the key management personnel (KMP) was developed by the Remuneration and Nomination Committee after seeking professional advice from independent consultants and was approved by the Board.

All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The Remuneration and Nomination Committee reviews executive remuneration policies and practices to ensure that executive packages are referable to Company performance, executive performance, comparable information from industry sectors and other listed corporations and independent advice. The performance of executives is measured against criteria agreed half yearly which are based on the forecast growth of the Company and shareholder value.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the highest caliber of executives. It will also provide executives with the necessary incentives to achieve long-term growth in shareholder value.

The Company's policies and practices surrounding the payment of bonuses, options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration policies and practices and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria.

Further information about the Company's remuneration strategy, policies and their relationship to Company performance can be found in the Remuneration Report which forms part of the Directors' report, together with details of the remuneration paid to key management personnel.

Remuneration and Nomination Committee

The responsibilities of the Remuneration and Nomination Committee include a review of and recommendation to the Board on:

- the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- the remuneration framework for Directors.

Each member of the Remuneration and Nomination Committee:

- is familiar with the legal and regulatory disclosure requirements in relation to remuneration; and
- has adequate knowledge of executive remuneration issues, including executive retention and termination policies and short term and long term incentive arrangements.

The members of the Remuneration and Nomination Committee throughout the Reporting Period are set out in the Remuneration Report which is part of the Director's Report.

The company does not have a majority of independent committee members, as the Board considers this to be satisfactory considering the size and complexity of the business.

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Australia

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF IQNOVATE LTD

As lead auditor of iQNovate Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iQNovate Ltd and the entities it controlled during the period.

BDO

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2019

In dollars	***Note***	**2019**	**2018**
Revenue	*6*	12,604,042	4,729,026
Cost of sales		(9,116,142)	(4,723,175)
Gross profit		**3,487,900**	**5,851**
Other income	*7(a)*	316,512	1,812
Expenses			
Employee benefits expense	*7(c)*	(7,071,090)	(5,426,356)
Share-based payment expense	*22*	(81,959)	-
Depreciation and amortisation expense		(103,180)	(136,122)
Overhead sharing costs		(1,775,081)	(1,738,834)
Other expenses	*7(d)*	(6,845,950)	(7,419,087)
Finance costs	*7(b)*	(1,073,273)	(268,037)
Share option expense		-	(176,250)
Share of loss of associated companies net of tax		(98,222)	(101,827)
Loss before income tax		**(13,244,343)**	**(15,258,850)**
Income tax benefit/(expense)	*9*	(1,233,364)	412,604
Loss for the period		**(14,477,707)**	**(14,846,246)**
Loss attributable to members of the parent		(12,183,043)	(13,174,652)
Loss attributable to non-controlling interest		(2,294,664)	(1,671,594)
Total loss attributed		**(14,477,707)**	**(14,846,246)**

Basic loss per share (cents per share)	*19*	(7.53)	(9.89)
Diluted loss per share (cents per share)	*19*	(7.53)	(9.89)

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

IQNOVATE LTD AND CONREOLLED ENTITIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

In dollars	2019	2018
Net loss for the period	**(14,477,707)**	**(14,846,246)**
Other comprehensive income		
Exchange differences on translation of foreign operations, net of tax	(843,612)	-
Other comprehensive loss for the period, net of tax	**(843,612)**	**-**
Total comprehensive loss for the period	**(15,321,319)**	**(14,846,246)**
Comprehensive loss attributable to members of the parent	(13,035,888)	(13,174,652)
Comprehensive loss attributable to non-controlling interest	(2,285,431)	(1,671,594)
Total comprehensive loss attributed	**(15,321,319)**	**(14,846,246)**

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

IQNOVATE LTD AND CONREOLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019

In dollars	***Note***	**2019**	**2018 (Restated)***
Assets			
Current assets			
Cash	*8*	503,603	1,422,636
Trade and other receivables	*10*	4,255,676	1,076,927
Prepayments		174,406	530,797
Current tax receivable		-	412,604
Total current assets		**4,933,685**	**3,442,964**
Non-current assets			
Property, plant and equipment	*11*	283,217	210,958
Intangible assets	*12*	3,984,364	4,451,068
Other receivables	*10*	101,582	-
Investment in associate	*21*	440,697	456,119
Deferred tax assets		-	1,233,364
Total non-current assets		**4,809,860**	**6,351,509**
Total Assets		**9,743,545**	**9,794,473**
Liabilities			
Current liabilities			
Trade and other payables	*13*	7,066,597	3,806,121
Employee benefit liabilities	*14*	1,009,146	910,954
Deferred revenue		382,826	292,124
Borrowings	*15*	5,603,440	5,670,097
Derivative financial instruments	*16*	1,238,349	1,238,349
Deferred tax liability		35,718	35,718
Total current liabilities		**15,336,076**	**11,953,363**
Non-current liabilities			
Employee benefit liabilities	*14*	108,734	83,533
Borrowings	*15*	876,418	-
Total non-current liabilities		**985,152**	**83,533**
Total liabilities		**16,321,228**	**12,036,896**
Net Asset/(liabilities)		**(6,577,683)**	**(2,242,423)**
Equity			
Contributed equity		38,880,054	31,079,056
Reserves	*18*	232,937	1,003,823
Accumulated losses		(47,271,184)	(35,309,143)
Total equity attributable to holders of the company		**(8,158,193)**	**(3,226,264)**
Total equity attributable to non-controlling interests		1,580,510	983,841
Total equity		**(6,577,683)**	**(2,242,423)**

* Comparative figures have been restated as a result of reclassification of balances within equity (Refer to Note 28 for details).

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

IQNOVATE LTD AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

In dollars	Contributed equity	Accumulated losses	Reserves	Non-controlling interest	Total
Balance at 1 July 2017	**11,491,837**	**(22,134,491)**	**1,778,410**	**126,029**	**(8,738,215)**
Total comprehensive loss for the period					
Loss for the period	-	(13,174,652)	-	(1,671,594)	(14,846,246)
Other comprehensive profit for the period	-	-	-	-	-
Total comprehensive loss for the period	**-**	**(13,174,652)**	**-**	**(1,671,594)**	**(14,846,246)**
Transaction with owners recorded directly in equity					
Issued new equity	861,251	-	-	-	861,251
Conversion of convertible notes	10,152,414	-	-	-	10,152,414
Other contributed equity	2,770,256	-	5,905,490	2,316,352	10,992,098
Capital raising costs	-	-	(663,725)	-	(663,725)
Adjustments to correct classifications in opening balances (Refer to Note 28)	5,803,298	-	(6,016,352)	213,054	-
Total transactions with owners recorded directly in equity	**19,587,219**	**-**	**(774,587)**	**2,529,406**	**21,342,038**
Balance at 30 June 2018 (Restated)	**31,079,056**	**(35,309,143)**	**1,003,823**	**983,841**	**(2,242,423)**
Balance at 1 July 2018	**31,079,056**	**(35,309,143)**	**1,003,823**	**983,841**	**(2,242,423)**
Adoption of AASB 15 (1 July 2018)	-	221,000	-	-	221,000
Balance at 1 July 2018 (Restated)	**31,079,056**	**(35,088,142)**	**1,003,823**	**983,841**	**(2,021,423)**
Total comprehensive loss for the period					
Loss for the period	-	(12,183,043)	-	(2,294,664)	(14,477,707)
Other comprehensive profit for the period	-	-	(852,845)	9,233	(843,612)
Total comprehensive loss for the period	**-**	**(12,183,043)**	**(852,845)**	**(2,285,431)**	**(15,321,319)**
Transactions with owners recorded directly in equity					
Issued new equity	8,136,761	-	-	3,069,826	11,206,587
Capital raising costs	(335,764)	-	-	(187,726)	(523,490)
Cost of share based payments	-	-	81,959	-	81,959
Total transactions with owners recorded directly in equity	**7,800,997**	**-**	**81,959**	**2,882,100**	**10,765,057**
Balance at 30 June 2019	**38,880,054**	**(47,271,185)**	**232,937**	**1,580,510**	**(6,577,683)**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2019

In dollars	***Note***	**2019**	**2018**
Cash flows from operating activities			
Receipts from customers		11,189,003	4,945,045
Payments to suppliers and employees		(20,844,883)	(19,328,546)
Interest received		549	1,363
Interest paid		(151,621)	-
Net cash used in operating activities	*25*	**(9,806,952)**	**(14,382,138)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(140,598)	(24,330)
Investment in associates		(82,800)	(73,200)
Bond issued to related party		876,418	-
Purchase of intangible assets		-	(228,089)
Net cash generated from/(used) in investing activities		**653,020**	**(325,619)**
Cash flows from financing activities			
Proceeds from contributed equity		9,270,351	11,439,490
Payments relating to convertible notes		(511,914)	5,054,690
Capital raising costs		(523,490)	(662,725)
Net cash generated from financing activities		**8,234,947**	**15,831,455**
Net decrease in cash and cash equivalents		(918,985)	1,123,699
Cash and cash equivalents at the beginning of the period		1,422,636	298,937
Effect of movements in exchange rates on cash held		(48)	-
Cash and cash equivalents at the end of the period	*8*	**503,603**	**1,422,636**

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

1. REPORTING ENTITY

iQnovate Ltd ("iQN" or the "Company") is a for-profit company limited by shares which is incorporated and domiciled in Australia. These consolidated financial statements ("financial statements") as at and for the year ended 30 June 2019 comprise of the Company and its controlled entities (collectively referred to as the "Group").

These financial statements were authorised for issue by the Board of Directors on 30 September 2019.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

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

Basis of consolidation

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

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars (AUD) at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into AUD at the average exchange rate of the month in which the transaction occurs.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Uses of judgements and estimates

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

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

(i) Judgements

Significant judgement has been made in respect to the capitalisation of development costs for internally developed intangible assets, and the capitalisation costs of acquired IP intangible assets. See Note 12.

(ii) Estimates

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, including about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 30 June 2019 are included in the following note:

- Note 21 - Investments

(iii) Measurement of fair values

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of judgements and estimates (continued)

(iii) Measurement of fair values (continued)

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 16 Leases

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019 and it will replace AASB 117 *Lease and the related interpretations*. The Standard introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees.

AASB 16 distinguishes leases and service contracts on a basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and lease of low value assets. Lease expenses from short term leases and lease of low value assets are recognised as a straight-line expense over the lease term.

The right of use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments, as well as the impact of lease modifications, amongst others. Depreciation of the right of use asset and interest on the lease liability will be recognised over the lease term. Furthermore, the classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operative cash flows respectively.

AASB 16 becomes mandatory for the Group's 2020 financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The standard must be implemented retrospectively, either with the restatement of comparatives or with the cumulative impact of application recognized on the date of adoption under the modified retrospective approach. The Group will therefore adopt this standard for the financial period beginning 1 July 2019.

As the Group does not have any leases as at 30 June 2019, AASB 16 is not expected to have any impacts.

New or amended Accounting Standards and Interpretations adopted

A number of new or amended standards became applicable for the current reporting period:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*

The impact of the adoption of these standards and the new accounting policies are disclosed below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) AASB 9 Financial Instruments

In December 2014, the Australian Accounting Standards Board ("AASB") issued the final version of AASB 9 *Financial Instruments* ("AASB 9"), and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2014).

AASB 9 is the final version of a new principal standard that consolidates requirements for the classification and measurement of financial assets and liabilities, hedge accounting and impairment of financial assets. AASB 9 supersedes all previously issued and amended versions of AASB 139 *Financial Instruments: Recognition and Measurement*.

In relation to the impairment of financial assets, the Group applies the simplified approach to recognise lifetime expected credit losses ("ECL") for trade and other receivables. AASB 9 did not have a significant impact on the Group's financial statements for the year, particularly given the short-term nature of the Group's receivables.

The adoption resulted in an immaterial additional impairment expense of $13,520 for the year ended 30 June 2019. Refer to Note 20 (ii).

<u>Classification and initial measurement of financial assets</u>

Financial assets are classified according to their business model and characteristics of their contractual flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price when the right to consideration becomes unconditional in accordance with AASB 15.

<u>Subsequent measurement of financial assets</u>

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised costs;
- Financial assets at fair value through profit or loss ("FVTPL");
- Debt instruments at fair value through other comprehensive income ("FVTOCI"); or
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income or finance costs, except for impairment of trade receivables. The entity does not have any debt instruments at FVTOCI or equity instruments at FVTOCI.

<u>Financial assets at amortised cost</u>

The Group's trade and most other receivables fall into this category of financial instruments and are accounted for at amortised cost using the effective interest method.

<u>Financial assets at FVTPL</u>

Investments in equity instruments fall into this category unless the entity irrevocably elects at inception to account for them as equity instruments at FVTOCI. The Group has not made this election and will continue to account for its investments in equity instruments at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables and other current assets

The Group makes use of a simplified approach in accounting for the impairment of trade and other receivables as well as other current assets and records the loss allowance at the amount equal to the lifetime ECL. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. From this calculation, it was determined that the ECL in trade and other receivables was immaterial to be disclosed separately.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not materially impacted by the adopted of AASB 9.

The Group's financial liabilities include trade and other payables, contract liabilities and employee benefit liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within other income or finance costs.

(ii) AASB 15 Revenue from contracts with customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118: *Revenue and related interpretations*.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a five-step approach to revenue recognition:

- Step 1: identify the contract(s) with a customer
- Step 2: identify the performance obligations in the contract;
- Step 3: determine the transaction price;
- Step 4: allocate the transaction price to the performance obligations in the contract; and
- Step 5: recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Management of the Group reviewed the customer contracts, defined a relevant portfolio basis where applicable and assessed the impact on revenue recognition by the adoption of AASB 15.

The Group generates revenue (as reported in Note 6) through contract sales and marketing services with external customers and related party entities. These services are rendered based on either a fixed price or an hourly rate. The revenue for these services is recognised over the service period which aligns with the delivery of the performance obligation (provision of services).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has adopted AASB 15 from 1 July 2018, using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of application. Therefore, comparative prior periods have not been adjusted and continue to be reported under AASB 118. The impact of adoption of opening retained earnings as at 1 July 2018 was as follows:

Deferred Revenue	**$ 221,000**
Tax effect on adjustment	-
Impact on opening retained earnings at 1 July 2018	**$221,000**

4. GOING CONCERN

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a comprehensive loss of $15,321,319 for the year ended 30 June 2019. As at that date the Group had net current liabilities of $10,402,391, net liabilities of $6,577,683 and net operating cash outflows of $9,806,952. The loss and operating net cash outflows do prima facie give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Despite this the directors have a reasonable expectation that the Group has adequate financial resources to continue as a going concern based on the following:

- The company's business model is based upon generating returns by acquiring early stage life science IP and with its specialist inhouse knowledge, developing the acquired IP in to diagnostic or therapeutic bioscience assets. Accordingly, profits are generated by increase in the value of the assets as they are developed and reach clinical milestones. Expenditure on improving these assets is expensed. The value of these assets cannot be recognised in the financial statements until they are realized.

  Given the stage of development and increase in value of these assets, management expects the entities which hold these assets to be able to pay to the Group appropriate amounts by way of

  - License Fees on the use of these assets;
  - Research & Development Contributions;
  - Reimbursement of the Company's overheads & resources to the extent that they have been utilized by these entities;

  to cover the total outflows to the point of eliminating material uncertainty as to the basis of going concern.

- As demonstrated previously, the outflows and funding of the development of these assets will be funded by continued capital raisings in relation to projects the company is involved in and continued revenue from providing specialist health services. The directors expect this to continue to the extent to eliminate such material uncertainty, and has commenced as per Note 29 - Subsequent Events.

In the event that the Group does not meet the above factors, it may not be able to continue its operations as a going concern and therefore face may not be able to realise its assets and discharge its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group were not to operate as a going concern.

5. OPERATING SEGMENTS

The Group has identified operating segments based on internal reporting that is reviewed and used by the chief operating decision makers (the Group CEO and Operating Officer) in assessing the performance of the respective segments. The operating segments are identified by management based on the nature

5. OPERATING SEGMENTS (CONTINUED)

of services provided, with each operating segment representing a strategic business that serves a different segment of the market.

In FY 2019, the Group provided two types of services being: (1) contract sales and marketing services to external customers; and (2) shared services to related parties. Segment analysis of revenue and gross profit is provided below. Information on net assets by segment is not provided to the chief operating decision makers.

In dollars	2019	2018
Revenue		
Contract sales and marketing services	10,834,738	4,263,752
Related party services	1,769,304	465,274
Total revenue	**12,604,042**	**4,729,026**
Gross Profit		
Contract sales and marketing services	1,718,596	(459,423)
Related party services	1,769,304	465,274
Total gross profit	**3,487,900**	**5,851**

Information on geographical segments

One hundred percent of the Group's revenue, expenses and profit are derived in Australia.

Reliance on major customers

Four customers represent more than 10% of the year 2019 external revenue. Total revenue from these major customers amounts to $7,797,959 (61.9%) of total revenue (2018: $4,033,019; 85.3%).

6. REVENUE

In dollars	2019	2018
Contract and service fee revenue	10,834,738	4,263,752
Office and shared services revenue	1,769,304	465,274
Total revenue	**12,604,042**	**4,729,026**

6. REVENUE (CONTINUED)

Significant accounting policies

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

7. INCOME AND EXPENSES

(a) Other income

In dollars	2019	2018
Finance Income	549	1,812
Other	315,963	-
Total other income	**316,512**	**1,812**

(b) Finance costs

In dollars	2019	2018
Bank fees	19,745	13,544
Interest on convertible notes	1,028,739	932,540
Other interest expense	24,789	(254,017)
Foreign currency	-	(424,030)
Total finance costs	**1,073,273**	**268,037**

7. INCOME AND EXPENSES (CONTINUED)

(c) Employee benefits expenses

In dollars	2019	2018
Wages and salaries	6,418,490	4,841,685
Compulsory superannuation contributions	553,629	467,576
Increase in liability for annual leave[1]	73,771	83,051
Increase in liability for long service leave	25,200	34,044
Total employee benefits expense	**7,071,090**	**5,426,356**

[1] Increase in liability for annual leave does not include the increase in liability for annual leave allocated to cost of sales.

(d) Other expenses

In dollars	2019	2018
Accounting fees	314,320	203,134
Advertising and marketing	425,847	190,716
Development & regulatory approval	-	1,102,923
Exchange and listing fees	1,798,324	1,234,236
Insurance	405,186	70,796
Legal and consulting fees	1,968,837	930,904
Loss on disposal of fixed assets	-	339,836
Occupancy costs	96,090	279,315
Recruitment fees	192,173	84,836
Software licensing and subscriptions	216,205	234,606
Travel and accommodation	206,845	184,511
Impairment	-	101,186
Other	1,222,123	2,462,088
Total other expenses	**6,845,950**	**7,419,087**

8. CASH

In dollars	2019	2018
Bank balance	503,603	1,422,636

Significant accounting policies:

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

9. INCOME TAXES

In dollars	2019	2018
Loss for the period	(13,244,343)	(15,258,850)
Tax rate	27.5%	27.5%
Tax benefit	(3,642,194)	(4,196,184)
Add tax effect of:		
Expenditure not allowable for Income tax purposes	310,870	187,641
Effect of different tax rate of subsidiary	(671,699)	-
Write off of deferred tax assets previously recognised	1,233,364	-
Deferred tax assets not brought to account	4,003,023	4,421,147
Income tax expense/(benefit)	1,233,364	(412,604)

Unrecognised deferred tax assets

Deferred tax assets were not recognised since the utilisation of the tax losses against future taxable profits are not deemed probable in the foreseeable future (FY 2019: $6,896,760, FY 2018: $5,552,844).

Significant accounting policies

Current tax

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

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

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

Deferred tax

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

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

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

10. TRADE AND OTHER RECEIVABLES

In dollars	2019	2018
Trade receivables	715,073	465,777
Allowance for expected credit loss	(13,520)	-
Other receivables	3,254,050	112,740
Related party receivables	401,655	498,410
Total trade and other receivables	**4,357,258**	**1,076,927**
Current	4,255,676	1,076,927
Non-current	101,582	-
Total trade and other receivables	**4,357,258**	**1,076,927**

Significant accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30-60 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

11. PROPERTY, PLANT AND EQUIPMENT

Cost

In dollars	Plant and equipment	Furniture, fixtures and fittings	Leasehold improvements	Total
Balance at 1 July 2017	**272,197**	**129,994**	**519,884**	**922,075**
Additions	24,330	-	-	24,330
Disposal	(17,062)	(35,990)	(479,209)	(532,261)
Effect of movement in foreign exchange	2,749	23	-	2,772
Balance at 30 June 2018	**282,214**	**94,027**	**40,675**	**416,916**
Additions	105,791	6,226	28,581	140,598
Balance at 30 June 2019	**388,005**	**100,253**	**69,256**	**557,514**

Accumulated depreciation

In dollars	Plant and equipment	Furniture, fixtures and Fittings	Leasehold improvements	Total
Balance at 1 July 2017	**130,852**	**29,665**	**136,408**	**296,925**
Depreciation expense	48,616	12,029	37,811	98,456
Disposal	(9,580)	(16,916)	(162,792)	(189,288)
Effect of movement in foreign exchange	(137)	2	-	(135)
Balance at 30 June 2018	**169,751**	**24,780**	**11,427**	**205,958**
Depreciation expense	53,934	9,850	4,555	68,339
Balance at 30 June 2019	**223,685**	**34,630**	**15,982**	**274,297**

Carrying amount

In dollars	Plant and equipment	Furniture, fixtures and Fittings	Leasehold improvements	Total
Carrying balance at 30 June 2019	**164,320**	**65,623**	**53,274**	**283,217**
Carrying balance at 30 June 2018	**112,463**	**69,247**	**29,248**	**210,958**

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant accounting policies

Carrying value

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

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

Depreciation

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

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

Impairment

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

Gains and losses on disposal

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

12. INTANGIBLE ASSETS

Cost

In dollars	Acquired IP	Development expenditure	Website and software	Total
Balance at 1 July 2017	**1,871,613**	**2,169,946**	**233,890**	**4,275,449**
Additions	-	228,089	-	228,089
Balance at 30 June 2018	**1,871,613**	**2,398,035**	**233,890**	**4,503,538**
Additions	-	-	-	-
Write-offs	-	(431,860)	-	(431,860)
Balance at 30 June 2019	**1,871,613**	**1,966,175**	**233,890**	**4,071,678**

12. INTANGIBLE ASSETS (CONTINUED)

Amortisation

In dollars	Acquired IP	Development expenditure	Website and software	Total
Balance at 1 July 2017	-	-	**17,709**	**17,709**
Amortisation expense	-	-	34,762	34,762
Balance at 30 June 2018	**-**	**-**	**52,471**	**52,471**
Amortisation expense	-	-	34,843	34,843
Balance at 30 June 2019	**-**	**-**	**87,314**	**87,314**

Carrying amount

In dollars	Acquired IP	Development expenditure	Website and software	Total
Carrying balance at 30 June 2019	**1,871,613**	**1,966,175**	**146,578**	**3,984,364**
Carrying balance at 30 June 2018	**1,871,613**	**2,398,035**	**181,419**	**4,451,068**

The recoverable amount of the consolidated entity's development expenditure has been determined using fair value less costs to sell, based the following key judgements approved by management: (a) it is technically feasible that the asset will be completed for use/sale; (b) the Group intends to complete and use/sell the asset; (c) the Group are able to use/sell the asset; (d) the Group has adequate resources available to complete the asset for use/sale; and (e) the Group is able to reliably measure expenditure during the development phase.

Significant accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Amortisation

Intangible assets with finite lives are amortised over the useful economic life. 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.

12. INTANGIBLE ASSETS (CONTINUED)

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.

Acquired IP with a finite useful life, is not amortised until it is ready for use.

Impairment

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

Website and software

Costs incurred in acquiring website software and licenses that will contribute to future financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years

Website development costs include only those directly attributable to the development phase and are only recognised following completion of technical feasibility and where the business has an intention and ability to use the asset. The website and software have finite useful life and are amortised as follows:

- Website and software – 3 years

Research and development costs

Research expenditure is recognised as an expense as incurred. Development costs include externally acquired and internally generated costs of materials and services, which can be directly attributable to the development activities of acquiring or generating an intangible asset.

Costs incurred on development projects (relating to the design and testing of new or improved intangible assets) are recognised only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group, the cost of the asset can be measured reliably, technical and commercial feasibility of the asset for sale or use have been established, and the Group intends and is able to complete the intangible asset and either use it or sell it.

Capitalised development costs are recorded as an intangible asset and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

13. TRADE AND OTHER PAYABLES

In dollars	2019	2018
Trade payables	1,616,499	518,654
Sundry payables and accrued expenses	3,225,112	1,297,347
Related party payables	2,224,986	1,990,120
Total trade and other payables	**7,066,597**	**3,806,121**
Current	7,066,597	3,806,121
Non-current	-	-
Total trade and other payables	**7,066,597**	**3,806,121**

Significant accounting policies

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

Contract liabilities

Contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has transferred the goods or services to the customer. The liability is the Group's obligation to transfer goods or services to a customer from which it has received consideration.

14. EMPLOYEE BENEFIT LIABILITIES

In dollars	2019	2018
Liability for annual leave		
Opening balance	457,174	334,022
Additional provision	405,352	542,497
Utilisation	(234,212)	(419,345)
Closing balance	628,314	457,174
Liability for long service leave		
Opening balance	83,533	49,489
Additional provision	25,201	34,044
Utilisation	-	-
Closing balance	108,734	83,533
Liability for superannuation	378,056	234,422
Liability for bonus	-	110,772
Liability for payroll	2,776	108,586
Total employee benefit liabilities	**1,117,880**	**994,487**
Current	1,009,146	910,954
Non-current	108,734	83,533
Total employee benefit liabilities	**1,117,880**	**994,487**

14. EMPLOYEE BENEFIT LIABILITIES (CONTINUED)

Significant accounting policies

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

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

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

15. BORROWINGS

In dollars	**2019**	**2018**
Convertible notes	5,603,440	5,670,097
Bond held with related party	876,418	-
Total Borrowings	**6,479,858**	**5,670,097**
Current	5,603,440	5,670,097
Non-current	876,418	-
Total Borrowings	**6,479,858**	**5,670,097**

Significant accounting policies

Convertible notes that are compound financial instruments are separated into liability and equity components based on the terms of the contract. On issuance of the convertible notes, the fair value of the liability component is estimated using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Convertible notes that are hybrid contracts containing an embedded derivatives are separated between the host contract and the embedded derivatives on initial recognition. The embedded derivatives is measured at fair value on initial and subsequent recognition. The host contract is initially recorded at the residual amount and subsequently at amortised cost.

16. DERIVATIVE FINANCIAL INSTRUMENTS

In dollars	2019	2018
Convertible note options	1,238,349	1,238,349

During FY2017 the Group's subsidiary Glucose Biosensor Systems (Greater China) Pty Ltd ("GBSGC") issued Convertible Notes (expiring 31 December 2019) valued at $5,980,663. Of this amount, $1,238,349 has been classified as a derivative financial instrument as the notes benefit from a 15% discount on the Initial Public Offering Price from the date of GBSGCs (or its nominee entity's) admission on an approved stock exchange.

Significant accounting policies

Derivatives are initially recognised at fair value on the date a derivative contact is entered into and subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

17. SHARE CAPITAL

	Number of shares	$
In issue at 1 July 2017	124,339,170	4,697,661
Shares issued during the reporting period	32,272,862	11,013,665
In issue at 30 June 2018	**156,612,032**	**15,711,326**
Shares issued during the reporting period	6,279,560	2,386,233
In issue at 30 June 2019	**162,891,592**	**18,097,559**

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

The Group does not have authorised capital or par value in respect of its shares. All issued shares are fully paid.

Shares issued

	Number of shares	$
Number of shares at 30 June 2018	**156,612,032**	**15,711,326**
Capital raised for business objectives 6/8/2018	1,599,343	607,750
Capital raised for business objectives 18/9/2018	4,456,533	1,693,483
Strategic placement of shares 19/9/2018	223,684	85,000
Number of shares at 30 June 2019	**162,891,592**	**18,097,559**

Dividends

No dividends were declared or paid by the Group for the year (2018: nil).

17. SHARE CAPITAL (CONTINUED)

Significant accounting policies

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

18. RESERVES

In dollars	Subscriptions for equity	Options reserve	Share based payments reserve	Foreign currency translation reserves	Total
Balance at 1 July 2017	1,648,044	142,605	-	(12,239)	1,778,410
Subscriptions for equity issued	4,413,544	-	-	-	4,413,544
Foreign currency translation differences	-	-	-	828,221	828,221
Adjustment required to reclassify subscriptions received from reserves as contributed equity (Refer to Note 28)	(6,016,352)	-	-	-	(6,016,352)
Balance at 30 June 2018 (Restated)	**45,236**	**142,605**	**-**	**815,982**	**1,003,823**
Balance at 1 July 2018	45,236	142,605	-	815,982	1,003,823
Share based expenses		-	81,959	-	81,959
Foreign currency translation differences	-	-	-	(852,845)	(852,845)
Balance at 30 June 2019	**45,236**	**142,605**	**81,959**	**(36,853)**	**232,937**

Subscriptions for equity

This reserve relates to subscriptions for equity in subsidiary entities that has not yet been issued into equity.

Options reserve

Relates to equity credit ensures from performance rights charges to profit and loss.

Foreign currency translation reserve (FCTR)

The FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Share based payments reserves

Share based payment reserve represent fair value of performance rights granted to the employees during the year. Refer to note 7 of the Remuneration Report for detail.

19. EARNINGS PER SHARE (EPS)

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

Loss attributable to ordinary shareholders

In dollars	2019	2018
Loss for the period attributable to owners of iQNovate Ltd	(12,183,043)	(13,174,652)

Weighted-average number of ordinary shares

In number of shares	2019	2018
Weighted-average number of ordinary shares at end of the period	161,720,257	133,276,896
Weighted-average number of securities if outstanding options Exercised	161,720,257	133,276,896

Earnings per share

In cents per share	2019	2018
Basic loss per share	(7.53)	(9.89)
Diluted loss per share	(7.53)	(9.89)

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

Diluted earnings per share is calculated as earnings for the period attributable to the Group over the weighted average number of shares which has been adjusted to reflect the number of shares which would be issued if outstanding options and performance rights were to be exercised. However, due to the statutory loss attributable to the Group for both the financial year ended 30 June 2019 and the comparative period ended 30 June 2018, the effect of these instruments has been excluded from the calculations of diluted earnings per share for both periods as they would reduce the loss per share.

20. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Accounting classifications and fair values

The Group has financial assets of cash and cash equivalents, and trade and other receivables. The shares in a listed company are valued at fair value. The financial assets are measured at amortised cost, and the carrying amount is a reasonable approximation of fair value at 30 June 2019.

The Group has financial liabilities of derivatives and trade and other payables. Derivatives are measured at fair value. Other financial liabilities are measured at amortised cost, and the carrying amount is a reasonable approximation of fair value at 30 June 2019.

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

Financial risk management

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

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

(i) Risk management framework

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

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

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

(ii) Credit risk

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

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped by past due date. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

(ii) (Credit risk continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

On that basis, the loss allowance as at 30 June 2019 (on adoption of AASB 9) was determined to be $13,520 for trade receivables and other receivables.

Trade and other receivables

The main source of credit risk to the Group is considered to relate to the class of assets described as trade and other receivables. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 10.

No collateral is held over other receivables.

The ageing of the trade and other receivables that were not impaired as at 30 June 2019 are set out in the following table.

In dollars	2019	2018
Neither past due not impaired	4,124,529	928,050
30 to 60 days past due but not impaired	79,841	-
60 to 90 days past due but not impaired	51,306	148,877
Over 90 days past due but not impaired	-	-
Total trade and other receivables	**4,255,676**	**1,076,927**

Cash and cash equivalents

The Group held cash and cash equivalents of $503,603 at 30 June 2019 (2018: $1,422,636). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency Standard and Poor's ratings.

(iii) Liquidity risk

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

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

(iii) Liquidity risk (continued)

The Group aims to maintain cash at a level appropriate to fund operations. At 30 June 2019, the expected cash flows from trade and other receivables maturing within two months were $4,255,676.

Non-derivative financial liabilities

In dollars	Within 1 year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Trade and other payables	7,066,597	3,806,120	-	-	-	-	7,066,597	3,806,120
Convertible notes	5,603,440	5,670,097	-	-	-	-	5,603,440	5,670,097
Total non-derivative financial liabilities	**12,670,037**	**9,476,217**	**-**		**-**	**-**	**12,670,037**	**9,476,217**

Derivative financial liabilities

In dollars	Within 1 year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Derivatives	1,238,349	1,238,349	-	-	-	-	1,238,349	1,238,349
Total derivative financial liabilities	**1,238,349**	**1,238,349**	**-**	**-**	**-**	**-**	**1,238,349**	**1,238,349**

(iv) Market risk

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

Currency risk

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

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

(iv) Market risk (continued)

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

In AUD	USD 2019	USD 2018
Average rate	0.72	0.79
Year-end spot rate	0.70	0.77

Fair value measurement

(i) Fair value hierarchy

The following table detail the Group's assets and liabilities for the current reporting period measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

2019

In dollars	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative convertible note options	-	-	1,238,349	1,238,349
Total liabilities	**-**	**-**	**1,238,349**	**1,238,349**

2018

In dollars	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative convertible note options	-	-	1,238,349	1,238,349
Total liabilities	**-**	**-**	**1,238,349**	**1,238,349**

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The gain/loss recognised in profit or loss for the period from level 2 and 3 valuations is nil (2018: nil).

Valuation techniques for fair value measurements categorised within level 3

The derivative convertible note options were revalued on 30 June 2019 based on internal assessments performed by management.

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

Fair value measurement (continued)

The valuation technique of the $1,238,349 derivative component of the Convertible Notes has been calculated using the Black-Scholes Model using the current face value of the Convertible Notes convertible at a 15% discount with a perceived volatility component of 26%, convertible within 6 months.

Significant accounting policies

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

21. INVESTMENTS

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

(a) Interests in subsidiaries, associates, and joint venture

Entity name	Country of incorporation	Ownership interest 2019	Ownership interest 2018
Subsidiaries			
FarmaForce Limited	Australia	70.42%	70.6%
Clinical Research Corporation Pty Ltd	Australia	100%	100%
Life Science Biosensor Diagnostics Pty Ltd	Australia	81%	81%
Glucose Biosensor Systems (GC) Holdings Inc	USA	81%	81%
Glucose Biosensor Systems (GC) Pty Ltd	Australia	81%	81%
Antisoma Therapeutics Pty Ltd	Australia	100%	100%
Associates[1]			
New Frontier Holdings LLC ("New Frontier")	USA	20%	34.1%
Nereid Enterprises Pty Ltd	Australia	20%	34.1%
Nereid Enterprises LLC	USA	20%	34.1%
OnCotex Pty Ltd	Australia	40.5%	-

[1] Percentage shown is net of non-controlling interest.

Nereid Enterprises Pty Ltd provides corporate events and promotional services to the healthcare industry and related parties of iQnovate Ltd.

21. INVESTMENTS (CONTINUED)

Summary financial information

None of the associates are listed on a stock exchange. The investments in associates is equity accounted using audited financial information.

(b) Investment in associates accounted for using equity method

In dollars	2019	2018
(i) Summarised statement of comprehensive income		
Revenue	36,809	54,101
Loss from continuing operations	(391,039)	(198,283)
Other comprehensive income	145,487	1,206
Total comprehensive loss	**(245,552)**	**(197,077)**
(ii) Summarised balance sheet		
Total current assets	13,026	10,381
Total non-current assets	1,092,651	1,158,359
Total current liabilities	(3,932)	(28,441)
Net assets	**1,101,745**	**1,140,299**
(iii) **Reconciliation to carrying amount**		
Opening balance as at 1 July 2018	1,140,299	1,100,565
Additional investment	206,999	68,387
Loss for the period	(391,039)	(28,653)
Other comprehensive income	145,487	-
Total loss and other comprehensive Income	**(245,552)**	**(28,653)**
Net asset balance as at 30 June 2019	1,101,746	1,140,299
Group's share in %	40%	40%
Carrying amount as at 30 June 2019	**440,697**	**456,119**

(c) Shares of Loss in OnCotex Pty Ltd

As at 30 June 2019, Oncotex Pty Ltd has a loss of $2,101,797 (FY 2018: nil). The groups share of this loss from associate being 40.5%, $840,719 has not been recognised as the net investment in OnCotex Pty Ltd is nil, as at 30 June 2019. The cumulative net loss not recognised as at 30 June 2019 is $840,719 (FY 2018: nil).

21. INVESTMENTS (CONTINUED)

Significant accounting policies:

Subsidiaries

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

Associates

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

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

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

Shares in listed companies

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

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

To the extent possible, market information is extracted from either the principal market for the asset, or in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period.

22. SHARE-BASED PAYMENTS

Share based compensation benefits are provided to employees via the Employee Benefit Plan. This is a plan under which directors, employees may become holders of Options and Performance Rights to acquire beneficial interests in the Shares of the Group. The object of this Plan is to help the Group recruit, reward, retain and motivate its directors and employees. After 12 months of service an employee will annually receive a lot of shares based on an agreed quantity per their individual employment contract. The shares granted under this employee share plan will vest after an employee has served a further 3 years after receiving rights to the shares.

The inputs for the rights granted during the year ended 30 June 2019 included:

- Grant date: After 12 months of service from director/employee commencement date;
- Rights are granted for no consideration;
- Share price: Share price at the grant date (after 12 months of service);
- Vesting date: 3 years after receiving rights to shares.

22. SHARE-BASED PAYMENTS (CONTINUED)

For the year ended 30 June 2019, the Group has recognised $81,959 share-based payment expense.

Significant accounting policies:

Share based compensation benefits are provided to employees via the Employee Benefit Plan.

The fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period with a corresponding increase in equity. The fair value of instruments is calculated under the grant date model where the Group measures the fair value of a share-based payment award issued to an employee on the grant date and recognised over the period during which the employees become unconditionally entitled to shares.

The fair value is calculated at grant date as the fair value of each share granted multiplied by the number of shares expected to eventually vest. There is a service condition (non-market vesting condition) which is taken into account by adjusting the number of shares which will eventually vest and are not taken into account in the determination of the grant date fair value.

23. CONTINGENCIES

The Group has no contingent liabilities or assets as at the reporting date (2018: None).

24. TRANSACTIONS WITH RELATED PARTIES

(i) Parent and ultimate controlling party

iQnovate Ltd was the parent and ultimate controlling party of the Group throughout the year ended 30 June 2019.

(ii) Key management personnel compensation

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

In dollars	**2019**	**2018**
Short-term employee benefits	1,096,524	1,205,338
Post-employment benefits	93,934	114,507
Share based payments	101,016	243,270
Total key management personnel compensation	**1,291,474**	**1,563,115**

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

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

24. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

(iii) Transactions with related parties

The Group transacted with the following related companies. Transactions with other related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Entity name	Relationship
iQX Limited and controlled entities	Jointly controlled by key management personnel
IQ3Corp Ltd and controlled entities	Jointly controlled by key management personnel
Nereid Enterprises Pty Ltd	an Associate Jointly controlled by key management personnel

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

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

In dollars	2019	2018
Shared services fees received from related parties	1,769,304	465,274
Total fees received from related parties	**1,769,304**	**465,274**
Consulting fees paid to related parties	1,430,584	834,098
Payment of shared services fees to related parties	1,655,080	1,738,835
Total costs paid to related parties	**3,085,664**	**2,572,933**
Trade and other payable accounts with related parties	(2,224,986)	(1,990,120)
Trade and other receivable accounts with related parties	401,654	498,410
Bond issued to related party[1]	(876,418)	-
Net receivable/(payable) from related parties	**(2,699,750)**	**(1,491,710)**

[1] On 10 September 2018 iQX Limited issued a bond certificate on iQnovate Ltd for a value of $876,418. The maturity date of the bond being 30 June 2021. The coupon rate is a simple annual rate of 9%, payable quarterly in arrears.

25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In dollars	**2019**	**2018**
Cash flows from operating activities		
Loss for the period	(14,477,707)	(14,846,246)
Adjustments for:		
Impact of AASB 15 revenue from contracts with customers	221,000	-
Income on partial disposal of the subsidiary	(100,275)	-
Interest on the convertible notes	485,404	932,540
Non-cash employee benefit – Share expenses	132,962	-
Bad debt expenses written off	122,986	-
Non-cash capital raising costs	284,355	-
Share subscription classified from other payables to equity	659,536	-
Intangible assets expensed as research and development costs	431,860	-
Share of loss in associates	98,222	101,827
Other	111,458	-
Taxation – Movement in deferred taxes	1,233,364	-
Depreciation and amortisation expense	103,180	136,122
	(10,805,113)	(13,675,757)
Changes in:		
Trade and other receivables	(3,178,749)	(482,481)
Trade and other payables	3,260,476	615,498
Prepayments	356,391	(414,160)
Other assets	412,604	-
Borrowings	(66,657)	-
Income in advance	90,702	59,121
Employee benefits	123,393	94,453
	998,161	(706,381)
Net cash used in operating activities	**(9,806,952)**	(14,382,138)

26. AUDITORS' REMUNERATION

In dollars	2019	2018
Audit and review services		
Auditors of the Group at June 2019 – BDO East Coast Partnership	30,000	-
Auditors of FarmaForce – BDO East Coast Partnership	34,000	
Auditors of Glucose Biosensor Systems – BDO East Coast Partnership	109,000	-
Auditors of the Group at December 2018– RSM Australia Partners	26,800	-
Auditors of the Group at June 2018– RSM Australia Partners	-	73,000
Other auditors	-	44,000
Other services		
Tax advice – BDO East Coast Partnership	80,000	-
Independent Expert Report – RSM Australia Partners	16,715	-
Other auditors	-	-

27. PARENT ENTITY FINANCIAL INFORMATION

Financial information for the parent entity, iQnovate Ltd, is as follows:

In dollars	2019	2018
Assets		
Current assets	11,652,507	5,325,522
Non-current assets	1,924,814	2,279,454
Total assets	13,577,321	7,604,976
Liabilities		
Current liabilities	6,439,244	2,018,450
Non-current liabilities	985,152	83,533
Total liabilities	7,424,396	2,101,983
Net assets	6,152,925	5,502,993
Equity		
Issued capital	18,331,106	16,199,446
Reserves	251,254	142,605
Retained earnings	(12,429,435)	(10,839,058)
Total equity	6,152,925	5,502,993
Net profit/(loss)	(2,140,377)	(7,225,756)
Total comprehensive income/(loss)	(2,113,690)	(7,225,756)

28. CORRECTION OF PRIOR PERIOD

At the end of the period, the Group reviewed the classification of the equity balances and determined amounts recorded as reserves which should have been transferred to contributed equity and non-controlling interests. The reclassification required is due incorrect classification of balances between contributed equity, reserves balances and the portion of non-controlling interest (total equity balance remains unchanged). The error identified has been adjusted retrospectively by restating the comparative amounts in which the error occurred. As a result of this within the total equity balance:

- The balance of contributed equity was increased by $5,803,298 to $31,079,056 as at 30 June 2018 as a prior period adjustment;
- The balance of reserves was reduced by $6,016,352 to $1,003,823 as at 30 June 2018 as a prior period adjustment;
- The portion of non-controlling interest was increased by $213,054 to $983,841 as at 30 June 2018 as a prior period adjustment.

There was no material impact on the Statement of Cash Flows or earnings per share reported in the prior period.

29. SUBSEQUENT EVENTS

Subsequent to year end, on the 16th September 2019, OncoTEX Inc, a company in which iQN Ltd has a 40.5% interest in, acquired a novel anticancer drug platform (TEX Core) from the University of Texas and MD Anderson Cancer Centre. TEX Core is an anticancer drug platform that has the ability to develop a range of well-tolerated, MRI-detectable cancer therapeutics that target drug-sensitive and drug-resistant solid tumors.

The investments in OncoTEX is valued as at $ nil as at 30 June 2019. Management has not revalued the valuation of the OncoTEX as at 30 June 2019, as management is still assessing the value of OncoTEX.

Further, the following subsequent events detailed below pertain to the subsidiary of the Group, Glucose Biosensor Systems Inc:

The Company has applied to list its common stock in the USA. The initial public filing of prospectus made on 5 July 2019 with intent to raise USD $23m. Although the company expects common stock to be listed, there can be no assurance that an active trading market will develop.

Subsequent to 30 June 2019, the Company has received further cash subscriptions or the subscription agreements for 1,119,780 shares (USD $450,000), which will be allotted as additional convertible preference shares prior to the IPO.

On 3 July 2019 and the 12 September 2019, the Company entered into an amended and reinstated license agreement. As per the new agreement there is no set expiration date for the agreement. The exclusivity of the license granted under the license agreement runs until the expiration of the patent portfolio covered by the license agreement, which is currently until 2033.

29. SUBSEQUENT EVENTS (CONTINUED)

Funds Raised

Subsequent to 30 June 2019, iQnovate Limited has raised the following amounts in in unsecured bonds:

Int Rate Per Annum[1]	Term	Amount
9%	12 months	$645,000
11%	12 months	$500,000
11%	24 months	$1,205,000
15%	24 months	$2,840,000
Total		**$5,190,000**

[1] Interest is payable quarterly in arrears.

No other events have arisen in the interval between the end of the financial year ended 30 June 2019 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations or state of affairs of the Group in future financial years.

1. In the opinion of the Board of Directors of iQnovate Ltd ("the Group"):

    a. the consolidated financial statements and notes that are set out on pages 25 to 62 are in accordance with the *Corporations Act 2001*, including:

        I. giving a true and fair view of the financial position as at 30 June 2019 of the Company and its controlled entities ("the Group") and of the Group's performance for the financial year ended on that date; and

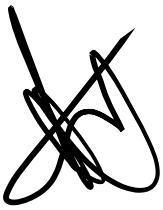
        II. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

    b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and acting Chief Financial Officer for the financial year ended 30 June 2019.

3. The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors.



Dr George Syrmalis

Chair

Sydney

30th September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of iQnovate Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iQnovate Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 6, the Group recognised revenue of $12.60 million for the year ended 30 June 2019. The recognition of revenue was considered a key audit matter as it is a key performance indicator for the users of the financial report; and there is a risk surrounding the application of AASB 15: *Revenue from Contracts*, in determining when performance obligations are met.	We have evaluated revenue recognition in accordance with AASB 15: *Revenue from Contracts with Customers*. Our procedures, included, amongst others: • Evaluating the revenue recognition policies for all material sources of revenue and from our detailed testing performed below, ensured that revenue was being recognised appropriately, in line with Australian Accounting Standards and policies disclosed within Note 6; • Ensuring that revenue was recognised in accordance with the requirements of AASB 15's five step model by substantively testing a sample of revenue transactions throughout the financial year, identifying specific performance obligations within the contracts, identifying the contract price, and tracing sales invoices to supporting documentation and cash receipts for the year ended 30 June 2019; and • Testing revenue transactions immediately prior and post 30 June 2019 year end.

Equity balances

Key audit matter	*How the matter was addressed in our audit*
As stated in the consolidated statement of changes in equity, the Group made a correction in their opening balance sheet to reflect the correct opening balance position as at 1 July 2018. The equity roll forward is a key audit matter due to the significance of the amounts involved, the intricate group structure including non-controlling interests (minority shareholders) and the complexity of accounting.	Our procedures, included, amongst others: • Reviewing the equity roll forward of the year and verifying the reconciling items to underlying supporting documentation; • Verifying the completeness and correct classification of the equity components; and • Reviewing the calculation of the non-controlling interests and whether it meets the criteria in accordance with AASB 10 *Consolidated Financial Statements*.

Other matter

The financial report of iQnovate Ltd, for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that report on 30 June 2018.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of IQX Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO

BDO East Coast Partnership

Tim Aman

Sydney, 30 September 2019

NSX ADDITIONAL INFORMATION

Additional information required by the NSX and not disclosed elsewhere in this report is set out below. The information is current as at 4 September 2019.

SHAREHOLDINGS

Substantial shareholders

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

Shareholder	Number of ordinary shares held	% of total ordinary shares
Biotechnology Holdings	37,992,750	23.32%
Con Tsigounis Pty Ltd	37,148,750	22.81%
Total of substantial shareholders	**75,141,500**	**46.13%**

Distribution of equity security holders

Category	Holders	Ordinary shares	%
1 – 1,000	7	2,692	0.00%
1,001 – 5,000	5	17,617	0.01%
5,001 – 10,000	180	1,251,484	0.77%
10,001 – 100,000	173	8,510,019	5.22%
100,001 and over	194	153,109,780	94.00%
Total	**559**	**162,891,592**	**100.00%**

Shareholders with less than marketable parcel

There are 7 shareholders each with an unmarketable parcel of shares being a holding of 806 or less, for a combined total of 2,692 shares. This is based on a closing price of $0.62 per share as at 4 September 2019 and represents 0.0017% of the fully paid ordinary shares on issue.

Shares subject to escrow

There is no security class subject to escrow as at 4 September 2019.

Unquoted equity securities

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

SECURITIES EXCHANGE

The Group is listed on the National Securities Exchange. The Home exchange is Sydney.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

TWENTY LARGEST SHAREHOLDERS

Shareholder	Number of ordinary shares held	% of total ordinary shares
BIOTECHNOLOGY HOLDINGS PTY LTD <BIOTECHNOLOGY A/C>	37,992,750	23.324%
CON TSIGOUNIS PTY LTD <CON TSIGOUNIS FAMILY A/C>	37,148,750	22.806%
ANTHONY TSIGOUNIS PTY LTD <ANTHONY TSIGOUNIS FAMILY A/C>	4,012,500	2.463%
PRIORITY ONE GROUP PTY LTD <THE UTOPIA INVESTMENT A/C>	1,612,903	0.990%
STEVEN & PATRICIA CHAMBERS PARTNERSHIP	1,612,903	0.990%
MR TERENCE REGO & MRS CARINA REGO	1,500,000	0.921%
MR ANTHONY KOUSOULIS & MRS ANGELA KOUSOULIS <KASTANLIKA SUPER FUND A/C>	1,320,000	0.810%
JU YE TIAN CHENG HOLDINGS PTY LTD <JU YE TIAN CHENG FAMILY A/C>	1,315,790	0.808%
YUQIDUO PTY LTD <CHEN YUQIDUO FAMILY A/C>	1,315,789	0.808%
PERSEFONE ABDALLAH	1,294,319	0.795%
MOBERY PTY LTD	1,125,000	0.691%
MR JOHN STRATILAS	1,038,000	0.637%
FRANZE HOLDINGS PTY LTD <JOHN FRANZE SUPER FUND A/C>	1,032,258	0.634%
MR WILLIAM ECONOMOS & MRS MARY ECONOMOS	1,020,000	0.626%
MR PETER MERCOURIS	1,020,000	0.626%
JK CONSULTANCY SERVICES PTY LTD	1,020,000	0.626%
MS CHRISTINE KOUSOULIS <KOUSOULIS FAMILY A/C>	1,020,000	0.626%
GPI INVESTMENTS PTY LTD <INCOLLINGO FAMILY A/C>	1,020,000	0.626%
BELCORP HOLDINGS PTY LTD	1,020,000	0.626%
MR NICK DANES	1,020,000	0.626%
MR DIMITRIOS STIVACTAS & MRS ANGELA STIVACTAS <SERVILI SUPER FUND A/C>	1,020,000	0.626%
Total securities of top 20 holdings	**100,480,962**	**61.686%**

HISTORICAL SUMMARY TABLE

Share performance				Financial performance A$ million			
Period	Closing share price at 30 June	Dividend per share	EPS (cents)	Revenue	Loss after tax	Assets	Liabilities
FY2019	$0.57	NIL	(7.53)	$12.6	($14.9)	$9.7	$16.3
FY2018	$0.40	NIL	(9.89)	$4.7	($14.8)	$9.8	$12.0
FY2017	$0.45	NIL	(7.6)	$4.7	($9.9)	$7.6	$16.3
FY2016	$0.61	NIL	(6.5)	$2.7	($7.4)	$5.8	$7.2
FY2015	$0.55	NIL	(10.8)	$0.8	($4.4)	$4.4	$5.0

WAIVERS

There are no arrangements where: (a) the Directors have agreed to waive any emoluments; or (b) where a shareholder has waived or agreed to waive any dividends.

SIGNIFICANT CONTRACTS WITH DIRECTORS, CHILD ENTITIES OR CONTROLLING SHAREHOLDERS

Refer to Note 24 of the Notes to the Consolidated Financial Statements for details of material related party transactions.

DIRECTOR AND OFFICERS INTERESTS

Refer to note 7 of the Remuneration Report, which forms part of the Annual Report for details of Director and Officer interests. In addition, the following Directors and Company Officers hold security interests in child entities as set out below:

- Gerardo Incollingo has an interest in 1,095,000 ordinary shares in iQnovate Ltd, and a $50,000 debt instrument with CRC.
- Dr George Syrmalis has an interest in 10,000 ordinary shares in FarmaForce.

OTHER

There are no period's unexpired of any service contract of any Director proposed for election at the forthcoming annual general meeting.