iQX Limited

ACN 155 518 380

Annual Report for the year ended - 30 June 2021

Directors	Dr George Syrmalis, Chair and Group Chief Executive Officer Peter Simpson John Stratilas
Company secretary	Ron Hollands
Registered office and 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	UHY Haines Norton Level 11, 1 York Street Sydney NSW 2000
Stock exchange listing	iQX Limited shares are listed on the National Stock Exchange (NSX: IQX)
Website	www.iqxinvestments.com
Corporate Governance Statement	The Directors and management are committed to conducting the business of iQX Limited in an ethical manner and in accordance with the highest standards of corporate governance. iQX Limited's corporate governance policies and procedures comply with Practice Note 14 issued by the National Securities Exchange of Australia (NSX). The Board of Directors has included in its corporate governance policies those matters contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (ASXCGC Recommendations), where applicable. However, the Board of Directors also recognises that full adoption of the ASXCGC Recommendations may not be practical or provide the optimal result given the circumstances of iQX Limited. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, has been approved at the same time as the Annual Report and can be found at: https://iqxinvestments.com/corpgov/

On behalf of the Board of Directors, I am pleased to share that iQX Ltd continues to deliver growth in its portfolio of investments in the bioscience sector for the financial year ended 30 June 2021, amidst the challenging market conditions presented by the COVID-19 pandemic.

iQX Ltd is an investment funds management company specialising in the bioscience sector and 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.

The IQX holdings are as follows:

GBS Inc. (7.7%)*

BiosensX (Europe) Inc. (19%)*

BiosensX (North America) Inc. (13.4%)*

Glucose Biosensor Systems (MENA) Holdings Inc. (19%)*

OncoTEX Inc. (19%)*

*Effective equity position at the end of FY21

The market capitalisation of the IQX Ltd as of the date of this report was $56.2m

- GBS Inc. was listed on NASDAQ in December 2020 and is the APAC licensee of the Biosensor technology. The Saliva Glucose Biosensor commercialisation program has continued to progress with the FDA regulatory approval process. The process has sustained certain delays due to COVID, however, clinical testing is expected to commence very soon. The Saliva Glucose Biosensor has been indicated by the FDA to follow the De Novo regulatory pathway as it is innovative and without predicate.

- GBS Inc. has been granted, by the Wyss Institute for Biologically Inspired Engineering at Harvard University, a license to integrate the Institute's antifouling technology into The Group's Biosensor, and develop a quantitative salivary COVID test. The company is formally collaborating with the Wyss Institute, Harvard University and Johns Hopkins University in developing the prementioned salivary quantitative IgG rapid diagnostic test. The commercial benefits stemming from this collaboration will flow to the LSBD commercial entities, GBS Inc., and subsequently to the ultimate parent which is IQG and IQX.

BiosensX (Europe) Inc.

BiosensX (North America) Inc.

Glucose Biosensor Systems (MENA) Holdings Inc.

These companies are the Biosensor licensees for the respective geographic regions to the intellectual property developed by GBS under its license. At this stage and as GBS progresses to clinical trials, the abovementioned companies are actively preparing to commence licensing arrangements for the Biosensor products to be launched over the next 24-48 months. The diagnostic test portfolio is expected to consist of approximately 130 different diagnostic tests, including the Saliva Glucose Biosensor and other diagnostic tests developed from the Biosensor technology.

Significant progress has been made with OncoTEX, the Group's oncology portfolio company, both in research and development as well as on the corporate front.

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. OxaliTEX is currently at late preclinical stage and we will soon contemplate commencing clinical trials. Sterling Pharmaceutical have been contracted to manufacture OxaliTEX for the clinical trials.

The first indication to trial is ovarian cancer, which is also classified by the FDA as an orphan disease, which may result in expedited regulatory approval by the FDA.

OncoTEX has further enriched its pipeline within the Tex Core platform, with six further compounds.

- ParpTEX utilises TEX Core's tumour-localisation to enable the effective delivery of Parp inhibitors. ParpTEX is being developed for prostate and other BRCA mutant cancers.
- GemTEX utilises TEX Core's tumour-localisation in combination with Gemcitabine's antimetabolite properties, initially to treat pancreatic and bladder cancers.
- DoxTEX utilises TEX Core's tumour-localisation in combination with Anthracyclines to treat early-stage breast cancer and small-cell lung carcinoma.
- TaxTEX utilises TEX Core's tumour-localisation in combination with Taxanes to treat Taxol resistant breast cancer, bladder cancer and prostate cancer.
- ImmunoTEX utilises TEX Core's tumour-localisation in combination with Immunotherapies to treat breast cancer, pancreatic cancer, and lung cancer.
- MangaTEX, through tumour specific localisation, allows for site-selective thermal heating of cancer cells upon irradiation by non-tissue damaging light. The initial indication MangaTEX is focused upon is breast cancer including BRCA mutant and Triple Negative.

On the corporate front, despite the pandemic restrictions, the Company has continued its capitalisation program here in Australia as well as the USA and has created a stellar board of directors and scientific advisors.

The company is already looking for appropriate out-licensing partners for its most advanced asset, OxaliTEX.

Given SEC (Security Exchange Commission) restrictions, I cannot further elaborate at this time as the company is undergoing a quiet period, on the capital market front. However, soon I hope to share some news with all our IQX investors.

OncoTEX continues to work with the University of Texas at Austin and MD Anderson Cancer Center research and development group to advance and deliver to patients both of the above technologies and the resultant drugs. The TEX Core platform represents extremely valuable intellectual property for the Group, as the IP portfolio consists of approximately twenty (20) patents and is expected to grow further.

I would like to thank all the investors, the board, and our staff for their dedication during the past year.

Dr George Syrmalis

Chair and Group CEO

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of iQX Limited (referred to hereafter as 'iQX' or the 'Company' or the 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of the Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr George Symralis
Peter Simpson
John Stratilas

Principal activities

During the financial year the principal activity for the Group consisted of general investing activities and exploring investment opportunities in the Life Science industry.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to $23,125,917 (30 June 2020: $4,793,522).

However, the normalised loss after tax was $3,995,575 (30 June 2020: normalised loss after tax of $3,293,522). The normalised loss excludes a significant item with relation to the net change in the fair value of financial assets (refer to note 15 for details).

Financial highlights under the challenging market conditions presented by the COVID-19 pandemic this year include:

- Savings of $1,132,999 from the implementation of effective cost saving initiatives (Represented by a reduction in underlying other expenses. Underlying other expenses excludes expected credit losses as management considers this as non-operating. Refer to note 8); and
- Cash position this financial year has improved by 31% to $410,518.

A focus on critical funding of investments has allowed iQX's portfolio to be an important part of the strategy to successfully develop tangible deliverables including:

- The further development of iQX Ltd's early stage biotechnology assets (the biosensor diagnostic platform). This will be accelerated with a $6.3 million grant awarded to GBS Inc at the end of this financial year by the Australian Federal Government to create a pilot Biosensor manufacturing facility;
- The further development its novel anticancer drug platform (TEX Core) from the University of Texas and MD Anderson Cancer Center; and
- Collaboration with the Wyss Institute for Biologically Inspired Engineering, Harvard University in using the Biosensor diagnostic platform for the detection of SARS-CoV-2 antibodies.

Significant changes in the state of affairs

On 17 July 2020, the Company issued 1,568,000 fully paid ordinary shares to Directors as approved at the EGM on 14 July 2020.

The Company also issued a further 288,110,842 fully paid ordinary shares in accordance with the share-split approved by the shareholders at the EGM on 14 July 2020. The shareholders were issued 2 additional shares for every share held. This was completed on 30 July 2020.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Refer to 'Review of operations' section above.

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.

Information on directors

Name:	Dr George Syrmalis
Title:	Executive Director, Group CEO and Chair
Qualifications:	M.D., PhD / Trained in Nuclear Medicine-Radiation Immunology
Experience and expertise:	Dr Syrmalis founded and led as CEO and Chair (1995-2005), the Bionuclear Group SA incorporating Antisoma SA, Bionuclear Institute of Diagnosis and Therapy SA, Bionuclear Research and Development SA, and Vitalcheck SA.
Other current directorships:	Executive Director of Farmaforce Limited, iQ3Corp Limited and The iQ Group Global Ltd.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and the Audit and Risk Committee
Interests in shares:	51,939,336 ordinary shares
Interests in rights:	612,000 performance rights

Name:	Peter Simpson
Title:	Non-Executive Director
Qualifications:	Master of Pharmacy
Experience and expertise:	Peter 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.
Other current directorships:	Non-Executive Director of The iQ Group Global Ltd.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and the Audit and Risk Committee
Interests in shares:	600,000 ordinary shares
Interests in rights:	None

Name:	John Stratilas
Title:	Independent Non-Executive Director
Experience and expertise:	John has over 21 years' experience in operating a number of businesses in the food industry and commercial property development and management markets.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee and the Audit and Risk Committee
Interests in shares:	5,400,000 ordinary shares
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Ron Hollands (Appointed on 3 May 2021) - Ron is a Chartered Accountant, a Registered Tax Agent and Self-Managed Superannuation Fund Auditor and holds a Certificate of Public Practice. He holds a Bachelor of Business from University of Technology, Sydney, an MBA from MGSM and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Ron has over 30 years' experience in a range of industries including professional practice, financial services and real estate. Ron is currently also the Company Secretary of Farmaforce Limited (ASX: FFC), iQ3Corp Limited (ASX: IQ3), The iQ Group Global Ltd. (NSX: IQG), Ashley Services Group Limited (ASX: ASH) and Pure Hydrogen Corporation Limited (ASX: PH2).

Aysha Hollingdale - Appointed on 13 January 2021, resigned on 3 May 2021

Gerardo Incollingo - Resigned on 13 January 2021

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr George Syrmalis	8	10	1	1	1	1
Peter Simpson	10	10	1	1	1	1
John Stratilas	10	10	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

KMPs are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The following persons were the KMP during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Position
Non-Executive Directors:	
Peter Simpson	Non-Executive Director
John Stratilas	Independent Non-Executive Director
Executive Director:	
Dr George Syrmalis	Executive Director, Group CEO and Chair

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration
The Board of Directors (the 'Board') has established a Remuneration and Nomination Committee ('RNC') which is currently comprised of the following members:

Name	Position
Dr George Syrmalis	Member
Peter Simpson	Member
John Stratilas	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.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

The Board seeks to set non-executive directors' fees at a level that enables the Group to attract and retain non-executive directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

The Constitution of the Company provides that non-executive directors, other than a managing director or an executive director, are entitled to directors' fees as determined by the directors.

NSX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 January 2021, where the shareholders approved a maximum annual aggregate remuneration of $300,000 (including superannuation).

Non-executive directors' fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by non-executive directors who serve on board committees. A non-executive director who also Chair's the Audit and Risk Committee ('ARC') 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. Non-executive directors may be reimbursed for expenses reasonably incurred in attending to the Company's affairs.

The table below sets out the non-executive directors' fees:

	Chair	Non-executive directors
Board	$40,000	$40,000
ARC	$5,000	Nil
RNC	Nil	Nil

The amounts included in the above table are inclusive of superannuation.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

A. Remuneration principles and strategy

In FY 2021 the executive remuneration framework consisted of fixed remuneration and short and long-term incentives as outlined below. The Group aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice. Remuneration levels are considered annually through a remuneration review, which considers market data and the performance of the Group and the individual.

B. Detail of incentive plans

Short-term incentive ('STI')
The Group operates an annual STI program available to executives and awards a cash incentive subject to the attainment of clearly defined key performance measures.

Summary of the executive STI plan:

Who participates?	Dr George Syrmalis
How is STI delivered?	Cash
What is the STI opportunity?	Up to 25% of base salary.
What are the performance conditions for FY 2021?	Individual performance goals against annual plans.
How is performance assessed?	On an annual basis, after consideration of performance against key performance indicators ('KPI').

Long-term incentives ('LTI')
The Group operates an LTI program via the Employee Benefits Plan ('EBP') under which directors, employees may be awarded options and performance rights to acquire shares of the Company. EBP awards are made annually in order to align remuneration with the creation of shareholder value over the long-term.

Summary of EBP awards:

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

Consolidated entity performance and link to remuneration
KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area in which each individual is involved and has a level of control over. The KPI's target areas the Group 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 Group and respective industry standards.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last four years. This information is taken into account by the Board when setting the STI and LTI for KMP.

Use of remuneration consultants
During the financial year ended 30 June 2021, the Group did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')
At the 2020 AGM, 99.78% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in the following tables.

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Other* $	Super-annuation $	Long service leave $	Equity - settled $	Total $
Non-Executive Directors:								
Peter Simpson	36,530	-	-	-	3,470	-	70,000	110,000
John Stratilas	36,530	-	-	-	3,470	-	70,000	110,000
Executive Director:								
Dr George Syrmalis	670,478	-	-	53,194	5,082	33,925	135,058	897,737
	743,538	-	-	53,194	12,022	33,925	275,058	1,117,737

* includes car allowance and annual leave.

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments	
2020	Cash salary and fees $	Cash bonus $	Non-monetary $	Other** $	Super-annuation $	Long service leave $	Equity - settled*** $	Total $
Non-Executive Directors:								
Peter Simpson	36,530	-	-	-	3,470	-	-	40,000
John Stratilas	36,530	-	-	-	3,470	-	-	40,000
Kosmas Dimitriou*	30,822	-	-	-	2,928	-	-	33,750
Executive Director:								
Dr George Syrmalis	559,821	-	-	112,465	53,183	25,267	223,763	974,499
	663,703	-	-	112,465	63,051	25,267	223,763	1,088,249

* includes remuneration from 1 July 2019 up to date of resignation 19 March 2020.
** includes car allowance, annual leave and FBT.
*** In table 7 of the remuneration report of 30 June 2019 the share-based payments given to executive directors were correctly disclosed. However the executive remuneration table for FY19 did not include the share-based payments. Since this aligned with the profit and loss statement and only during FY20 management identified that the performance rights with grant date in FY15, FY16 and FY17 for director Dr George Syrmalis were not historically accounted for. This was deemed to be immaterial for the profit and loss statement of FY19. The correct historical share-based payments costs of FY15, FY16 and FY17 are now included in FY20 explaining the increase in share-based payments expenses compared to the executive table for FY19.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2021	Fixed remuneration 2020	At risk - STI 2021	At risk - STI 2020	At risk - LTI 2021	At risk - LTI 2020
Non-Executive Directors:						
Peter Simpson	100%	100%	-	-	-	-
John Stratilas	100%	100%	-	-	-	-
Kosmas Dimitriou	-	100%	-	-	-	-
Executive Director:						
Dr George Syrmalis	95%	77%	-	-	5%	23%

Service agreements
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 2021 are outlined in the table below.

Executive name:	Dr George Syrmalis
Position:	Executive Director, Group CEO and Chair
Effective date:	1 January 2020
Fixed annual remuneration:	$625,560
Term:	Ongoing
Executive notice period:	6 months
Company notice period:*	6 months
Termination payment:**	Superannuation will be paid irrespective of the termination benefits cap under the Corporations Act 2001

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

** Subject to the termination benefits cap under the Corporations Act 2001, with the exception superannuation as detailed above.

Share-based compensation

Issue of shares
Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2021 are set out below:

Name	Date	Shares	Issue price	$
Dr. George Syrmalis	20/07/2020	918,000	$0.35	321,300
Dr. George Syrmalis*	20/07/2020	250,000	$0.35	87,500
Peter Simpson*	20/07/2020	200,000	$0.35	70,000
John Stratilas*	20/07/2020	200,000	$0.35	70,000

* Determination of the number of shares issued involved a review against overall measurable indicators reflecting achievement of strategic objectives and overall financial measure of the Company's performance with evaluations undertaken by the Company in accordance with the relevant processes. This was not tied to specific performance condition(s).

Options
There were no options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 30 June 2021.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Name	Grant date	Vesting date	Number of rights granted
Dr George Syrmalis	01/04/2018	01/04/2021	153,000
Dr George Syrmalis	01/04/2019	01/04/2022	153,000
Dr George Syrmalis	01/04/2020	01/04/2023	153,000
Dr George Syrmalis	01/04/2021	01/01/2024	153,000
			612,000

Each performance right confers the entitlement to a fully paid ordinary share after three years of employment after the first anniversary or when the shares are granted.

The value of the performance rights granted during the year ended 30 June 2021 as part of the remuneration is $47,558 (2020: $223,763).

Additional information
The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue	3,576,357	4,142,502	2,732,532	1,760,036	3,400,230
Profit/(loss) after income tax	(23,125,917)	(4,793,522)	(221,771)	(2,719,702)	14,218,387

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018*	2017*
Share price at financial year end ($)	0.07	0.35	0.32	0.32	0.40
Basic earnings per share (cents per share)	(5.35)	(1.12)	(0.06)	(2.21)	12.22
Diluted earnings per share (cents per share)	(5.35)	(1.12)	(0.06)	(2.21)	12.22

* Earnings per share of 2017 and 2018 has not been adjusted to give effect to the share-split which occurred subsequent to the year end.

Additional disclosures relating to KMP

Shareholding
The number of shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr George Syrmalis	16,145,112	1,168,000	34,626,224	-	51,939,336
Peter Simpson	-	200,000	400,000	-	600,000
John Stratilas	1,600,000	200,000	3,600,000	-	5,400,000
	17,745,112	1,568,000	38,626,224	-	57,939,336

* The shareholders were issued 2 additional shares for every share held.

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested and exercised	Balance at the end of the year
Performance rights over ordinary shares				
Dr George Syrmalis	1,377,000	153,000	(918,000)	612,000
	1,377,000	153,000	(918,000)	612,000

	Vested and exercisable	Unvested and un-exercisable	Balance at the end of the year
Performance rights over ordinary shares			
Dr George Syrmalis	153,000	459,000	612,000
	153,000	459,000	612,000

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of iQX Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of iQX Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Shares under performance rights

As of the date of this report, 1,002,000 performance rights have been granted to participants as part of the iQX Limited's Employee Benefits Plan. These performance rights will vest and be issued to eligible members contingent on satisfying a service condition.

Shares issued on the exercise of performance rights

There were 918,000 ordinary shares of iQX Limited issued in relation to the exercise of performance rights up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of UHY Haines Norton
There are no officers of the Company who are former partners of UHY Haines Norton.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Dr George Syrmalis
Chair

9 September 2021

UHY Haines Norton
Chartered Accountants

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Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of iQX Limited

As lead auditor for the audit of the financial report of iQX Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
Dated: 9 September 2021

UHY Haines Norton
Chartered Accountants

iQX Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue	5	3,576,357	4,142,502
Share of losses of associates accounted for using the equity method	14	(43,292)	(62,680)
Interest revenue calculated using the effective interest method		299,839	136,989
Net foreign exchange gain		3,948	-
Other income	6	305,180	381,331
Expenses			
Employee benefits expense	7	(3,726,093)	(3,106,643)
Depreciation expense	7	(774,620)	(774,398)
Net fair value loss on financial assets		(19,130,342)	(1,500,000)
Consultancy fees		(329,600)	(711,670)
Other expenses	8	(3,573,166)	(3,423,214)
Finance costs	7	(1,278,534)	(1,103,622)
Loss before income tax benefit		(24,670,323)	(6,021,405)
Income tax benefit	9	1,544,406	1,227,883
Loss after income tax benefit for the year attributable to the owners of iQX Limited		(23,125,917)	(4,793,522)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of iQX Limited		(23,125,917)	(4,793,522)
		Cents	Cents
Basic earnings per share	10	(5.35)	(1.12)
Diluted earnings per share	10	(5.35)	(1.12)

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

iQX Limited
Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	11	410,518	313,157
Trade and other receivables	12	406,053	1,820,269
Financial assets held at amortised cost	13	3,891,615	1,022,993
Prepayments		201,160	39,051
Total current assets		4,909,346	3,195,470
Non-current assets			
Trade and other receivables	12	331,387	331,387
Financial assets held at amortised cost	13	-	899,992
Investments in associates and joint ventures accounted for using the equity method	14	186,033	195,140
Financial assets at fair value through profit or loss	15	4,249,006	23,386,098
Property, plant and equipment	16	270,851	390,452
Right-of-use assets	17	1,855,889	2,510,908
Intangibles	18	4,000	4,000
Deferred tax assets	9	1,441,195	5,256,909
Total non-current assets		8,338,361	32,974,886
Total assets		13,247,707	36,170,356
Liabilities			
Current liabilities			
Trade and other payables	19	12,932,992	6,515,057
Borrowings	20	4,368,200	4,788,081
Lease liabilities	21	601,742	577,178
Employee benefits	22	668,623	450,123
Total current liabilities		18,571,557	12,330,439
Non-current liabilities			
Lease liabilities	21	1,422,824	2,037,525
Deferred tax liabilities	9	1,441,195	6,801,315
Employee benefits	22	-	135,787
Total non-current liabilities		2,864,019	8,974,627
Total liabilities		21,435,576	21,305,066
Net (liabilities)/assets		(8,187,869)	14,865,290
Equity			
Contributed equity	23	14,288,153	13,633,353
Reserve	24	133,479	715,521
(Accumulated losses)/retained earnings		(22,609,501)	516,416
Total equity		(8,187,869)	14,865,290

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

Consolidated	Contributed equity $	Reserve $	Retained earnings $	Total equity $
Balance at 1 July 2019	13,633,353	90,832	5,309,938	19,034,123
Loss after income tax benefit for the year	-	-	(4,793,522)	(4,793,522)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,793,522)	(4,793,522)
Transactions with owners in their capacity as owners:				
Share-based payments (note 35)	-	624,689	-	624,689
Balance at 30 June 2020	13,633,353	715,521	516,416	14,865,290

Consolidated	Contributed equity $	Reserve $	(Accumulated losses) / retained earnings $	Total equity $
Balance at 1 July 2020	13,633,353	715,521	516,416	14,865,290
Loss after income tax benefit for the year	-	-	(23,125,917)	(23,125,917)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(23,125,917)	(23,125,917)
Transactions with owners in their capacity as owners:				
Share-based payments (note 35)	-	72,758	-	72,758
Issue of shares (note 23)	654,800	(654,800)	-	-
Balance at 30 June 2021	14,288,153	133,479	(22,609,501)	(8,187,869)

iQX Limited
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		3,959,593	4,649,637
Proceeds as client monies from crowd funding		-	749,045
Payments to client from crowd funding		-	(749,045)
Payments to suppliers and employees		(7,947,966)	(3,703,455)
Government grants received		276,400	134,000
Interest received		-	91
Interest paid		(254,686)	(191,624)
Net cash (used in)/from operating activities	33	(3,966,659)	888,649
Cash flows from investing activities			
Payments for property, plant and equipment	16	-	(127,039)
Payments for investment in associates	14	(31,985)	(37,471)
Investment in related party bond		(1,611,647)	221,207
Return on investment from related party		127,000	-
Net cash (used in)/from investing activities		(1,516,632)	56,697
Cash flows from financing activities			
Proceeds from related party borrowings		15,008,575	-
Proceeds from borrowings		500,000	-
Repayment of related party borrowings		(3,786,219)	-
Repayment of convertible note		(5,000,000)	-
Repayment of lease liabilities		(448,657)	(370,185)
Interest paid to related parties		(304,691)	-
Interest paid on convertible note		(388,356)	(451,232)
Net cash from/(used in) financing activities		5,580,652	(821,417)
Net increase in cash and cash equivalents		97,361	123,929
Cash and cash equivalents at the beginning of the financial year		313,157	189,228
Cash and cash equivalents at the end of the financial year	11	410,518	313,157

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

Note 1. General information

The financial statements cover iQX Limited as a consolidated entity consisting of iQX Limited ('iQX', or the 'Company' or the 'parent entity') and the entities it controlled (together the 'Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is iQX Limited's functional and presentation currency.

iQX Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Company is listed on the National Stock Exchange of Australia. Its registered office and principal place of business is:

Level 9, 85 Castlereagh Street
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities is included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

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 made a net loss after tax of $23,125,917 (30 June 2020: $4,793,522) including COVID-19 related government assistance received of $276,400 recorded as the other income for the financial year ended 30 June 2021. The net loss after tax amounted to $23,402,317 for the year ended 30 June 2021 (30 June 2020: net loss of $4,927,522) after excluding COVID related government assistance. During the same period the Group recorded a net operating cash outflow of $3,966,659 (30 June 2020: net operating cash inflow of $888,649) including the government assistance payments of $276,400 (30 June 2020: $134,000). As at 30 June 2021, the Group had net current liabilities of $13,662,211, net liabilities of $8,187,869 and a cash balance of $410,518 (30 June 2020: net current liabilities of $9,134,969, net assets of $14,865,290 and a cash balance of $313,157).

The net loss after excluding government assistance for the financial year ended 30 June 2021, the net current liabilities and the net liabilities position as at 30 June 2021 prima facie give rise to a material uncertainty that may cast significant doubt over the Group’s ability to continue as a going concern. Therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report. However, the Directors believe that the Group will be able to continue as a going concern, subject to successful implementation of the following mitigating factors in relation to the material uncertainty:

Note 2. Significant accounting policies (continued)

- The Group has received a letter of financial support from the related entity (The iQ Group Global Ltd) for a period of at least twelve months from the date of signing this financial report for the purposes of enabling the Group to pay its debts as and when they fall due (including those debts currently recorded past due). The supporting entity confirmed that they will not request repayment of any transferred funds if it jeopardises the Group's ability to continue as a going concern. However, the financial support from The iQ Group Global Ltd is subject to a number of material uncertain factors including:

  - The ability to realise it's investments in GBS Inc. in accordance with applicable requirements of The U.S. Securities and Exchange Commission (SEC) at values materially consistent with market value as at the date of this report;
  - The ability to realise planned cost saving initiatives of circa $5 million in 12 months from the date of this report;
  - The ability to achieve capital fundraising of approximately $20 million in 12 months from date of this report which the Directors believes is achievable based on the history of the capital raising (capital raised for the year ended 30 June 2021: $23.71 million, and 30 June 2020: $23.24 million);
  - The ability to rollover approximately 30% (approximately $9.1 million) of their existing corporate notes and other debt instruments;
  - The ability to successfully complete the initial public offering of OncoTEX Inc which is expected to raise approximately $40 million.

- The current liabilities as at 30 June 2021 includes an amount of $1,818,003 payable to the Australian Taxation Office. The funding of this amount will be addressed by finalising payment arrangements with the Australian Taxation Office and the financial support from its related entity, The iQ Group Global Ltd.

Accordingly, this financial report has been prepared on a going concern basis. Therefore, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amounts of assets or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Reclassification of comparatives
Comparatives have been realigned where necessary, to agree with the current year presentation. This included reclassifications of occupancy costs to other expenses within the consolidated statement of profit or loss and the relevant notes, as well as reclassifications out of trade and other receivables to financial assets held at amortised cost. These reclassifications resulted in no changes to the total loss or net assets/(liabilities).

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of iQX Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Note 2. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Leases
The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis.

Impairment of non-financial assets
Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

COVID-19 pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured 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 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. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Investment in associates
The directors have assessed whether their equity investments between 20% and 50% represent a significant influence over those companies. In assessing significant influence, the directors have considered the percentage ownership interest, representation on the Board of Directors, the interchange of management personnel, and material transactions between the entities. Primarily on ownership interest, the directors have concluded that all investments in which the Group owns 20% to 50% interest are regarded as having significant influence and have therefore been equity accounted and disclosures have been included in note 14.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: 1) financial services fees; and 2) office and shared services fees, charged to related parties. These operating segments are based on the internal reports that are reviewed and used by the Group Chief Executive Officer and the Acting Chief Financial Officer (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The information reported to the CODM is on a monthly basis.

Major customers
The majority of the Group’s revenue is derived from related parties.

Operating segment information

The following segment information is provided to the CODM.

	Consolidated	
Segment	2021 $	2020 $
Financial services fees	333,151	1,001,236
Office and shared services fees	3,243,206	3,141,266
	3,576,357	4,142,502

Information on segment gross profit and segment net assets is not provided to the CODM.

Geographical information
The Group's revenue is derived only from Australia.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	Consolidated	
	2021 **$**	**2020** **$**
Financial services fees	333,151	1,001,236
Office and shared services fees	3,243,206	3,141,266
	3,576,357	4,142,502

Timing of revenue recognition
All revenue is recognised over a period of time.

Note 5. Revenue (continued)

Accounting policy for revenue

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.

Financial services fees
Revenue is derived from retainer fees and fees for services based on a fixed percentage. This is recognised over time as the services are rendered.

Office and shared services fees
Revenue is derived from services provided and 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.

Note 6. Other income

	Consolidated	
	2021 $	2020 $
Pass through income	-	247,331
Government grants	276,400	134,000
Other Income	28,780	-
	305,180	381,331

Pass through income
The Group recognised pass through income in the form of IP procurement from Life Science Biosensor Diagnostics Pty Limited, a related party of iQX Limited. The income recognised represents the Group’s share on the income in line with its ownership interest.

Government grants
During the year the Group received payments from the Australian Government amounting to $50,000 (2020: $50,000) as part of its ‘Boosting Cash Flow for Employers’ scheme in response to the COVID-19 pandemic. These non-tax amounts have been recognised as government grants and will be recognised as income only once there is reasonable assurance that the Group will comply with any conditions attached.

Note 6. Other income (continued)

The Group also received $226,400 (2020: $84,000) from JobKeeper support payments from the Australian Government, which are passed on to eligible employees. These have been recognised as government grants in the financial statements and recorded as other income over the periods in which the related employee benefits are recognised as an expense.

Accounting policy for government grants
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 7. Expenses

	Consolidated	
	2021	2020
	$	$
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	26,944	26,856
Plant and equipment	69,253	69,368
Furniture, fixtures and fittings	23,404	23,154
Land and buildings right-of-use assets	655,019	655,020
Total depreciation	774,620	774,398
Employee benefits expense		
Wages and salaries	3,168,354	2,032,353
Superannuation contributions	226,808	133,637
Increase in liability for annual leave	242,877	224,198
Increase in liability for long service leave	15,296	71,202
Share-based payments	72,758	645,253
Total employee benefits expense	3,726,093	3,106,643
Finance costs		
Interest and finance charges paid/payable on lease liabilities	180,146	220,499
Interest expense on convertible note	488,083	870,918
Interest on related party loans	455,958	12,205
Other	154,347	-
Total finance costs	1,278,534	1,103,622

Note 8. Other expenses

	Consolidated 2021 $	Consolidated 2020 $
Accounting and legal fees	80,597	164,071
Advertising and marketing	179,561	461,515
Commission expenses	-	37,000
Insurance	273,897	115,256
Software and licensing	290,067	351,493
Travel and accommodation	4,292	17,613
Recruitment fees	33,194	240,554
NSX and other compliance costs	74,163	21,830
Office and administration	443,409	477,339
Outsourced employees' costs	-	176,737
Occupancy costs	406,844	887,199
Equipment rental expenses	65,916	33,275
Expected credit losses	1,372,991	90,041
Website development	156,222	102,120
Other	192,013	247,171
	3,573,166	3,423,214

Refer to 'Reclassification of comparatives' in note 2.

Note 9. Income tax

	Consolidated 2021 $	Consolidated 2020 $
Income tax (benefit)/expense		
Current tax	-	(14,519)
Deferred tax - origination and reversal of temporary differences	(1,544,406)	(1,213,364)
Aggregate income tax benefit	(1,544,406)	(1,227,883)
Deferred tax included in income tax benefit comprises:		
Decrease/(increase) in deferred tax assets	3,815,714	(1,076,888)
Decrease in deferred tax liabilities	(5,360,120)	(136,476)
Deferred tax - origination and reversal of temporary differences	(1,544,406)	(1,213,364)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(24,670,323)	(6,021,405)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(6,414,284)	(1,655,886)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenditure not allowable for income tax purposes	516,578	468,321
True up adjustments	(767,899)	129,388
Tax adjustment on consolidation	-	108,924
Other adjustments	(104,133)	(27,924)
Other (effect of change in tax rate)	186,358	(250,706)
	(6,583,380)	(1,227,883)
Current year temporary differences not recognised	5,038,974	-
Income tax benefit	(1,544,406)	(1,227,883)

	Consolidated 2021 $	Consolidated 2020 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	20,155,896	-
Potential tax benefit @ 25% (2020: 26%)	5,038,974	-

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Income tax (continued)

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	58,518	255,777
Prepayments and provisions	153,544	231,393
Lease liabilities	653,676	626,896
Capital raising costs	76,937	137,003
Prior year losses carried forward	4,315,947	3,268,449
Current year losses	1,052,401	722,876
Other	169,146	14,515
Unrecognised tax assets	(5,038,974)	-
Deferred tax asset	1,441,195	5,256,909
Movements:		
Opening balance	5,256,909	4,180,021
Credited/(charged) to profit or loss	(3,815,714)	1,076,888
Closing balance	1,441,195	5,256,909

	Consolidated 2021 $	Consolidated 2020 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(297,137)	81,093
Right-of-use assets	627,727	600,948
Capital raising costs	-	13,731
Financial instruments	1,060,314	5,867,272
Other	50,291	238,271
Deferred tax liability	1,441,195	6,801,315
Movements:		
Opening balance	6,801,315	6,937,791
Credited to profit or loss	(5,360,120)	(136,476)
Closing balance	1,441,195	6,801,315

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period’s tax payable to generate a refundable tax offset.

Note 9. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 10. Earnings per share

	Consolidated	
	2021 $	2020 $
Loss after income tax attributable to the owners of iQX Limited	(23,125,917)	(4,793,522)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	431,932,263	426,472,263
Weighted average number of ordinary shares used in calculating diluted earnings per share	431,932,263	426,472,263
	Cents	Cents
Basic earnings per share	(5.35)	(1.12)
Diluted earnings per share	(5.35)	(1.12)

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to the share-split which occurred after the financial year ended 30 June 2020 (July 2020).

As at 30 June 2021 and 30 June 2020, there were no performance rights over ordinary shares excluded from the calculation of the weighted average number of ordinary shares used in calculating diluted earnings per share due to being anti-dilutive.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of iQX Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 10. Earnings per share (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Note 11. Cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Cash at bank	410,518	313,157

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 12. Trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	4,400	-
Other receivables	17,445	47,445
Related party receivables*	413,382	1,793,352
Less: Allowance for expected credit losses	(29,174)	(20,528)
	384,208	1,772,824
	406,053	1,820,269
Non-current assets		
Bank guarantee**	331,387	331,387
	737,440	2,151,656

* Refer to note 31 for details of related party receivables.
** Bank guarantee is for the lease agreement for Level 9, 85 Castlereagh Street, Sydney, NSW 2000.

Allowance for expected credit losses
The Group has recognised a loss of $8,646 (2020: $20,528) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

The ageing of receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2021 %	Expected credit loss rate 2020 %	Carrying amount 2021 $	Carrying amount 2020 $	Allowance for expected credit losses 2021 $	Allowance for expected credit losses 2020 $
Not overdue	6.70%	1.10%	435,227	1,840,797	29,174	20,528

Note 12. Trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2021 $	Consolidated 2020 $
Opening balance	20,528	-
Additional provisions recognised	8,646	20,528
Closing balance	29,174	20,528

The Group has increased its monitoring of debt recovery as there is an increased probability of delayed payment or inability to make payment due to COVID-19. As a result, the calculation of expected credit losses has been revised and rates have increased.

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Trade receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Note 13. Financial assets held at amortised cost

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Related party receivables under working capital facility	3,175,813	-
Less: Allowance for expected credit losses	(855,072)	-
	2,320,741	-
Bonds with related parties*	2,149,660	1,022,993
Less: Allowance for expected credit losses	(578,786)	-
	1,570,874	1,022,993
	3,891,615	1,022,993
Non-current assets		
Bonds with related parties	-	969,505
Less: Allowance for expected credit losses	-	(69,513)
	-	899,992
	3,891,615	1,922,985

Note 13. Financial assets held at amortised cost (continued)

* Bonds with related parties include bonds with The iQ Group Global Ltd (Bond value and the associated expected credit losses was $1,097,707 and $295,552 respectively) and iQ3Corp Limited (Bond value and the associated expected credit losses recognised was $1,051,954 and $283,234 respectively).

Refer to note 31 for details of bonds with related parties and related party receivables under the working capital facility.

The Group has recognised a loss of $1,433,858 on financial assets held at amortised cost (2020: loss of $69,513) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Accounting policy for bonds and receivables with related parties
Receivables and bonds with related parties are initially recognised at fair value and subsequently measured at amortised cost, less allowance for expected credit losses. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance.

Note 14. Investments in associates and joint ventures accounted for using the equity method

	Consolidated	
	2021 $	2020 $
Non-current assets		
Investment in associates	186,033	195,140

Interests in associates and joint ventures
Interests in associates and joint ventures are accounted for using the equity method of accounting. Information relating to associates and joint ventures that are material to the Group are set out below:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2021 %	2020 %
New Frontier Holding LLC	USA	20.00%	20.00%
Nereid Enterprises Pty Ltd*	Australia	20.00%	20.00%
Nereid Enterprises LLC*	USA	20.00%	20.00%
Antisoma Therapeutics Pty Ltd	Australia	38.00%	38.00%
Ethical Bioscience Investments Fund Pty Ltd ('EBI')	Australia	50.00%	50.00%

* Subsidiaries of New Frontier Holding LLC. New Frontier Holding LLC and its subsidiaries are referred to as 'New Frontier Group'.

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

Note 14. Investments in associates and joint ventures accounted for using the equity method (continued)

(i) Summarised financial information of New Frontier Group

	New Frontier Group 2021 $	New Frontier Group 2020 $
Summarised statement of financial position		
Current assets	58,754	51,175
Non-current assets	707,402	836,247
Total assets	766,156	887,422
Current liabilities	125,136	48,483
Non-current liabilities	10,478	-
Total liabilities	135,614	48,483
Net assets	630,542	838,939
Summarised statement of profit or loss and other comprehensive income		
Revenue	60,947	72,709
Expenses	(441,844)	(374,998)
Loss before income tax	(380,897)	(302,289)
Other comprehensive income/(loss)	164,437	(11,113)
Total comprehensive loss	(216,460)	(313,402)
Reconciliation of the Group's carrying amount		
Opening carrying amount	195,140	220,349
Share of loss after income tax	(76,179)	(60,458)
Share of other comprehensive income/(loss)	32,887	(2,222)
Share of additional investment	34,185	37,471
Closing carrying amount	186,033	195,140

Note 14. Investments in associates and joint ventures accounted for using the equity method (continued)

(ii) Summarised financial information of EBI - Joint venture

	EBI	
	2021 $	2020 $
Summarised statement of financial position		
Cash and cash equivalents	116	539
Current assets	7,375,450	69,248
Non-current assets	-	1,636,320
Total assets	7,375,566	1,706,107
Trade and other payables	(373,016)	(88,323)
Current financial liabilities	(6,909,689)	(1,804,146)
Non-current financial liabilities	(2,327,667)	(198,292)
Total liabilities	(9,610,372)	(2,090,761)
Net liabilities	(2,234,806)	(384,654)
Summarised statement of profit or loss and other comprehensive income		
Revenue	1,181,182	7
Expenses	(3,040,955)	(384,661)
Loss before income tax	(1,859,773)	(384,654)
Other comprehensive loss	-	-
Total comprehensive loss	(1,859,773)	(384,654)

As at 30 June 2021, EBI incurred a loss of $1,859,773. The Group’s 50% share of loss in EBI of $929,886 has not been recognised as it exceeds the Group’s net investment in EBI. The cumulative net loss not recognised as at 30 June 2021 is $1,122,214.

The joint venture had no capital commitments as at 30 June 2021. There were no other contingent liabilities.

Accounting policy for associates and joint ventures
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

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

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 14. Investments in associates and joint ventures accounted for using the equity method (continued)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Note 15. Financial assets at fair value through profit or loss

	Consolidated	
	2021	2020
	$	$
Non-current assets		
Shares in unlisted companies - designated at fair value through profit or loss*	4,241,256	23,371,598
Shares in listed companies - held for trading	7,750	14,500
	4,249,006	23,386,098

* The fair value is mainly in relation to shares in the underlying investment (GBS Inc.) (NASDAQ: GBS) that was reduced by $19,130,342 (30 June 2020: $1,500,000) based on the fair value assessment performed by management. The reduction in the fair value was due the fall in the share price of GBS Inc. since its IPO in December 2020, the effect of dilution on the ownership of external shareholdings on the level of GBS Inc., as well as an increase in the residual net liabilities of Life Science Biosensor Diagnostics Pty Ltd ('LSBD)'.

Refer to note 27 for further information on fair value measurement.

Accounting policy for investments and other financial assets - Refer to note 2.

Note 16. Property, plant and equipment

	Consolidated	
	2021	2020
	$	$
Non-current assets		
Leasehold improvements - at cost	259,037	259,037
Less: Accumulated depreciation	(81,202)	(54,258)
	177,835	204,779
Plant and equipment - at cost	291,592	291,592
Less: Accumulated depreciation	(223,715)	(154,462)
	67,877	137,130
Furniture, fixtures and fittings - at cost	101,313	101,313
Less: Accumulated depreciation	(76,174)	(52,770)
	25,139	48,543
	270,851	390,452

Note 16. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improve-ments $	Plant and equipment $	Furniture, fixtures and fittings $	Total $
Balance at 1 July 2019	228,784	88,310	65,697	382,791
Additions	2,851	118,188	6,000	127,039
Depreciation expense	(26,856)	(69,368)	(23,154)	(119,378)
Balance at 30 June 2020	204,779	137,130	48,543	390,452
Depreciation expense	(26,944)	(69,253)	(23,404)	(119,601)
Balance at 30 June 2021	177,835	67,877	25,139	270,851

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

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

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 17. Right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and building - right-of-use	3,165,928	3,165,928
Less: Accumulated depreciation	(1,310,039)	(655,020)
	1,855,889	2,510,908

Additions to the right-of-use assets during the year were $nil.

The right-of-use asset relates to leased premises at Level 9, 85 Castlereagh Street, Sydney, NSW 2000.

Note 17. Right-of-use assets (continued)

For AASB 16 Lease disclosures refer to:
- note 7 for depreciation on right-of-use assets and interest on lease liabilities;
- note 21 for lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 18. Intangibles

	Consolidated	
	2021 $	2020 $
Non-current assets		
Trademark - at cost	4,000	4,000

Accounting policy for intangible assets
Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Trademark
Trademarks are not amortised when their useful lives are assessed to be indefinite and instead tested annually for impairment. Management considers that the useful lives of trademarks are indefinite because there is no foreseeable limit to the cash flows these assets can generate.

Note 19. Trade and other payables

	Consolidated	
	2021 $	2020 $
Current liabilities		
Trade payables	381,621	895,774
Related party payables*	10,664,926	4,867,213
Sundry payables and accrued expenses**	1,886,445	752,070
	12,932,992	6,515,057

Note 19. Trade and other payables (continued)

* Refer to note 31 for details of related party payables.
** At 30 June 2021, sundry payables and accrued expenses included $1,818,003 due to the Australian Tax Office (2020: $609,328).

Accounting policy for trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 20. Borrowings

	Consolidated	
	2021 $	2020 $
Current liabilities		
Convertible note	-	4,788,081
Loan from related party (refer to note 31)	3,696,523	-
Loans from external parties	671,677	-
	4,368,200	4,788,081

Amounts disclosed are unsecured borrowings.

The convertible note had a coupon rate of 9% per annum and was repaid during the year.

Refer to note 26 for further information on financial instruments.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Convertible notes are separated into liability and equity components based on the terms of the contract.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a financial liability (net of transaction costs) on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in the 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 on initial recognition.

Note 21. Lease liabilities

	Consolidated	
	2021 $	2020 $
Current liabilities		
Lease liability	601,742	577,178
Non-current liabilities		
Lease liability	1,422,824	2,037,525
	2,024,566	2,614,703

Note 21. Lease liabilities (continued)

Refer to note 26 for maturity analysis of lease liabilities.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 22. Employee benefits

	Consolidated	
	2021 $	2020 $
Current liabilities		
Annual leave	446,269	325,154
Long service leave	151,083	-
Superannuation	71,271	83,457
Other	-	41,512
	668,623	450,123
Non-current liabilities		
Long service leave	-	135,787
	668,623	585,910

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits
Liabilities for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 23. Contributed equity

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	432,166,263	142,157,421	14,288,153	13,633,353

Note 23. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	142,157,421		13,633,353
Balance	30 June 2020	142,157,421		13,633,353
Issue of shares	16 July 2020	1,898,000	$0.35	654,800
Issue of shares - share-split*	17 July 2020	288,110,842	$0.00	-
Balance	30 June 2021	432,166,263		14,288,153

* The shareholders were issued 2 additional shares for every share held.

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

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

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

The capital risk management policy remains unchanged from the 2020 Annual Report.

Accounting policy for issued capital
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.

Note 24. Reserve

	Consolidated	
	2021 $	2020 $
Share-based payments reserve	133,479	715,521

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Note 24. Reserve (continued)

Movements in share-based payment reserve

Consolidated	Share-based payments $
Balance at 1 July 2019	90,832
Share-based payments	624,689
Balance at 30 June 2020	715,521
Issue of the shares	(654,800)
Share-based payments	72,758
Balance at 30 June 2021	133,479

Note 25. Dividends

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Note 26. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's policy is not to trade in or use derivatives to hedge its risks.

The Group's Board of Directors (the 'Board') has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports to the Board 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 has also established a 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 Committee's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. The Committee operates under policies approved by the Board.

Market risk

Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The Group does not have any material foreign currency risk as it does not have any future commercial transactions and recognised financial assets and financial liabilities denominated in a currency other than its functional currency.

Note 26. Financial instruments (continued)

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At the reporting date, the Group had fixed rate bonds with related parties and fixed rate related party and external borrowings. Refer to note 20.

No sensitivity analysis has been performed since interest rate risk is considered to be immaterial.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 12, due to COVID-19, the calculation of expected credit losses has been revised and rates have increased.

Generally, 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.

Trade and other receivables that are overdue are considered to be of high credit quality. Refer to note 12 for aging of trade and other receivables.

The Group held cash and cash equivalents of $410,518 at 30 June 2021 (2020: $313,157). 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.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 26. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	12,932,992	-	-	-	12,932,992
Borrowings from external parties (Loan)*	-	500,000	-	-	-	500,000
Interest-bearing						
Borrowings from external parties (Insurance premium funding)	7.55%	171,677	-	-	-	171,677
Loan with related party	18.00%	3,696,523	-	-	-	3,696,523
Lease liability	7.50%	601,742	740,886	681,938	-	2,024,566
Total non-derivatives		17,902,934	740,886	681,938	-	19,325,758

* Loan has a fixed fee of $25,000.

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	6,515,057	-	-	-	6,515,057
Interest-bearing						
Convertible note	9.00%	4,788,081	-	-	-	4,788,081
Lease liability	7.50%	577,178	655,292	1,382,233	-	2,614,703
Total non-derivatives		11,880,316	655,292	1,382,233	-	13,917,841

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, 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 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
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in unlisted companies	-	4,241,256	-	4,241,256
Shares in listed companies	7,750	-	-	7,750
Total assets	7,750	4,241,256	-	4,249,006

Consolidated - 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in unlisted companies	-	23,371,598	-	23,371,598
Shares in listed companies	14,500	-	-	14,500
Total assets	14,500	23,371,598	-	23,386,098

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Shares in unlisted companies
The shares in unlisted companies were revalued on 30 June 2021 and 30 June 2020 based on internal assessments performed by management, with reference to investment vehicle.

The Group holds 7.7% (2020: 11.5%) of the listed underlying investment GBS Inc. (NASDAQ: GBS), an associate of Life Science Biosensor Diagnostics Pty Limited (LSBD) via 19% direct ownership. Management have valued LSBD at $20,212,625 as at 30 June 2021 (2020: $119,492,984). The change in the valuation compared to 30 June 2020, was due to the fall in the share price of GBS Inc. since its IPO in December 2020, the effect of dilution of the ownership of external shareholdings on the level of GBS Inc. and an increase in the residual net liabilities of LSBD.

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

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.

Note 27. Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	792,822	776,168
Post-employment benefits	45,947	88,318
Share-based payments	275,058	223,763
	1,113,827	1,088,249

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by UHY Haines Norton (previous auditor: BDO Audit Pty Ltd), the auditor of the Company, and unrelated firms:

	Consolidated 2021 $	Consolidated 2020 $
Audit services - UHY Haines Norton (2020: BDO Audit Pty Ltd and related network firms)		
Audit or review of the financial statements	32,028	122,300
Other services - UHY Haines Norton (2020: BDO Audit Pty Ltd and related network firms)		
Taxation services	13,970	6,390
	45,998	128,690
Audit services - unrelated firms		
Audit or review of the financial statements	14,000	-
Other services - unrelated firms		
Taxation services	17,699	-
	31,699	-

Note 30. Contingencies

The Group has no contingent liabilities and assets as at 30 June 2021 and 30 June 2020.

Note 31. Related party transactions

Parent entity
iQX Limited is the parent entity and ultimate controlling entity of the Group.

Note 31. Related party transactions (continued)

The Group transacted with the following related companies.

Related party	Relationship
The iQ Group Global Ltd. and controlled entities	Common directorship and key management personnel
iQ3Corp Limited and controlled entities	Common directorship and key management personnel
OncoTEX Inc	Common directorship and key management personnel
iQ Series 8 Life Science Fund (Global ESVCLP)	Common directorship and key management personnel
New Frontier Holding LLC	An associate with common directorship and key management personnel
EBI	Joint venture with The iQ Group Global Ltd.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Associates and joint ventures
Interests in associates are set out in note 14.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	$	$
Revenue:		
Financial services fees received from related parties	327,151	940,012
Shared services fees received from related parties	3,243,206	3,141,266
Other income:		
Pass through income from related parties	-	247,331
Interest income from related parties	297,460	-
Expenses:		
Payment of shared services fees to related parties	350,784	466,933
Interest expenses to related parties	455,958	12,205

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	$	$
Current receivables:		
Receivables from related parties (net of expected credit losses) *	384,208	1,772,824
Current payables:		
Payables to related parties**	10,664,926	4,867,213

Note 31. Related party transactions (continued)

* Receivables from related parties for the current period mainly include amounts receivable from iQ Series 8 Life Science Fund (Global) ESVCLP of $286,303 (2020: $nil).

** Payables to related parties mainly includes amounts payable to The iQ Group Global Ltd. of $3,612,355 (2020: $2,598,701), Ethical Bioscience Investments Fund Pty Ltd of $165,888 (2020: $1,636,320) and Life Science Biosensor Diagnostics Pty Ltd of $6,672,031 (2020:$nil).

All transactions were made on normal commercial terms and conditions.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation other receivables from related parties:

	Consolidated	
	2021	**2020**
	$	**$**
Current receivables:		
Bonds with related parties (net of expected credit losses) (i)	1,570,874	1,022,993
Related party receivables under working capital facility (net of expected credit losses) (ii)	2,320,741	-
Non-current receivables:		
Bonds with related parties (net of expected credit losses) (i)	-	899,992
Current borrowings:		
Loan from related party (iii)	3,696,523	-

(i) Details of bonds with related parties

Related party	Terms	Consolidated 2021 $	Consolidated 2020 $
The iQ Group Global Ltd. (a)	Maturity date of the bond was rolled forward for another year to 30 June 2022, with a simple annual coupon rate of 9%.	1,097,706	1,022,993
iQ3Corp Limited (b)	Maturity date of the bond is 30 June 2022, with a simple annual coupon rate of 9%.	1,051,954	899,992
		2,149,660	1,922,985

The amounts disclosed in the above table are before expected credit losses.

(a) Balance as at 30 June 2021 includes interest accrued and capitalised of $221,288 (2020: $146,575).
(b) Balance as at 30 June 2021 includes interest accrued and capitalised of $124,954 (2020: $42,505).

(ii) Related party receivables under working capital facility

Receivables from related party iQ3Corp Limited under its $6,000,000 working capital facility arrangement with the Group. The facility has an interest rate of 18% p.a. and expires on 30 June 2022.

(iii) Loan from related party

Effective 26 May 2020, the Company entered into a bond facility agreement of approximately $1.64 million with EBI. The facility has an interest rate of 18% p.a. and on expiry it agreed with EBI that loans under the facility will be rolled over on a monthly basis.

On 1 September 2020, the Company entered into another bond facility agreement for approximately $2.56 million with EBI. The facility has an interest rate of 18% p.a. and expired on 1 September 2021. On expiry it was agreed with EBI that loans under the facility will be rolled over on a monthly basis.

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2021 $	Parent 2020 $
Loss after income tax	(22,921,903)	(4,088,650)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss	(22,921,903)	(4,088,650)

Statement of financial position

	Parent 2021 $	Parent 2020 $
Total current assets	4,217,999	3,135,082
Total non-current assets	6,991,919	31,896,122
Total assets	11,209,918	35,031,204
Total current liabilities	16,549,056	16,281,499
Total non-current liabilities	950,367	2,190,065
Total liabilities	17,499,423	18,471,564
Net (liabilities)/assets	(6,289,505)	16,559,640
Equity		
Contributed equity	14,288,153	13,633,353
Share-based payments reserve	133,479	715,521
(Accumulated losses)/retained profits	(20,711,137)	2,210,766
Total equity	(6,289,505)	16,559,640

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 or 30 June 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Cash flow information

Reconciliation of loss after income tax to net cash (used in)/from operating activities

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax benefit for the year	(23,125,917)	(4,793,522)
Adjustments for:		
Depreciation and amortisation	774,620	774,398
Share-based payments	72,758	645,253
Net fair value loss on financial assets	19,130,342	1,500,000
Share of losses of associates accounted for using the equity method	43,292	62,680
Non-cash interest expense on convertible note	211,919	387,061
Non-cash cash flow boost	(50,000)	-
Non-cash interest income on bonds capitalised	(297,460)	(136,980)
Deferred revenue written off	-	(175,385)
Expected credit losses	1,372,991	90,041
Reclassification of borrowings	(5,000,000)	-
Other non-cash items	(121,747)	180,074
Change in operating assets and liabilities:		
Increase in trade, other receivables and financial assets	(2,443,267)	(1,768,213)
Increase in deferred taxes	(1,544,406)	(1,227,883)
Decrease/(increase) in prepayments	(162,109)	258,917
Increase in trade and other payables	7,089,612	4,785,247
Increase in employee benefits	82,713	235,758
Increase in provision for long service leave	-	71,203
Net cash (used in)/from operating activities	(3,966,659)	888,649

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Prosoma Therapeutics (No.1) Pty Ltd	Australia	100%	100%
Prosoma Therapeutics (No.2) Pty Ltd	Australia	100%	100%
Prosoma Therapeutics (No.3) Pty Ltd	Australia	100%	100%
Prosoma Therapeutics (No.4) Pty Ltd	Australia	100%	100%
Prosoma Therapeutics (No.5) Pty Ltd	Australia	100%	100%
Life Science Ventures (No.1) Pty Ltd	Australia	100%	100%
Life Science Ventures (No.2) Pty Ltd	Australia	100%	100%
Life Science Ventures (No.3) Pty Ltd	Australia	100%	100%
Life Science Ventures (No.4) Pty Ltd	Australia	100%	100%
Life Science Ventures (No.5) Pty Ltd	Australia	100%	100%
iQX Capital Pty Ltd	Australia	100%	100%
Neoteric Holdings LLC	USA	100%	100%
iQX Investment Services Pty Ltd	Australia	100%	100%
Life Science Holdings Pty Ltd	Australia	100%	100%
Life Science Operations Pty Ltd	Australia	100%	100%
iQ Series 8 Life Science Fund (Global) Management Pty Ltd	Australia	100%	100%
iQ Capital Partners (No.1) Pty Ltd	Australia	100%	100%

Note 34. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
iQ Series 8 Life Science Fund (Global) Pty Ltd	Australia	100%	100%
iQ Series 8 GP (Cayman Islands)	Cayman Islands	100%	100%
Planetary Capital Holdings Pty Ltd	Australia	100%	100%
iQ Series 8 Life Science Fund (Global) Management LP	Australia	100%	100%
iQ Series 8 Life Science (Global) LP	Australia	100%	100%
Neutron Investment Group Pty Ltd	Australia	100%	100%

Note 35. Share-based payments

Performance rights
For the year ended 30 June 2021, the Group has recognised $72,758 share-based payment expense in the consolidated statement of profit or loss (2020: $645,253).

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees in exchange for the rendering of services.

These compensation benefits are provided to employees via the Employee Benefits Plan ('EBP'), unless otherwise stated. Under the EBP directors and employees may be awarded options and performance rights to acquire shares of the Company. The object of the EBP is to help the Group recruit, reward, retain and motivate its directors and employees. Further under the EBP, 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 the EBP will vest after an employee has served a further 3 years after receiving rights to the shares.

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.

Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable on the basis of successful outcome of the measures identified in note 2 of the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dr George Syrmalis
Chair

9 September 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of iQX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of iQX Limited and the entities it controlled (together the Group) for the year-ended 30 June 2021, which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, 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 2021 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern
We draw attention to Note 2 of the financial report, which discloses the Group's financial circumstances, including net current liabilities of $13,662,211 (including ATO liabilities of $1,818,003) and net losses for the year of $23,402,317 excluding the impact of Covid-19 government assistance payments.

As a result, the Group is dependent on its ability to generate sufficient positive cash flows from its operations to covers its existing debts and supports its business operations and financial support from its related entity (The iQ Group Global Ltd) through raising funds from investors and the successful listing of Oncotex Inc. These conditions, along with other matters set forth in Note 2 of the Financial Report, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. 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 year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but 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.

VALUATION OF FINANCIAL ASSETS

Why a key audit matter	How our audit addressed the risk
AASB 9 requires entities to value certain financial assets at fair value. This can involve significant judgement and estimation uncertainity, particularly for investments classed as level 2 or level 3 in the fair value hierarchy. We considered the valuation of financial assets to be a significant risk area due to the materiality of the balance to the financial statements as a whole.	We performed the following audit procedures, amongst others: • We assessed the appropriateness of the Group's valuation policies, including changes from prior periods. • We assessed whether the classification of financial assets appeared appropriate. • We agreed key inputs from management's calculation to supporting documentation, including confirmations and publically available market data. • We recalculated an expected fair value of financial assets and compared it to management's valuation. • We also assessed the reasonability and completeness of the group's disclosures against the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 Group 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 have 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of iQX Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group 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.

UHY Haines Norton

Mark Nicholaeff
Partner
Sydney
9 September 2021

UHY Haines Norton
Chartered Accountants

The shareholder information set out below was applicable as at 9 August 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1	-
1,001 to 5,000	-	-
5,001 to 10,000	3	0.01
10,001 to 100,000	48	0.67
100,001 and over	245	99.32
	297	100.00
Holding less than a marketable parcel	2	-

The number of shareholders holding less than a marketable parcel of ordinary shares is based on iQX Limited's closing share price of $0.07 on 9 August 2021.

Equity security holders

Ten largest quoted equity security holders

The names of ten largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Abiogenises Pty Ltd	46,800,000	10.83
Ruminate Investments Pty Ltd	45,685,716	10.57
Adaptive Radiation Pty Ltd	26,666,664	6.17
Agparaskevi Pty Ltd (Agparaskevi A/C)	24,000,000	5.55
Life Science Investments Pty Ltd (Life Science Superfund A/C)	18,000,000	4.17
Zero Hedge Investments Pty Ltd (Zero Hedge Investments A/C)	17,568,000	4.07
Biotechnology Holdings Pty Ltd (Biotechnology A/C)	12,783,336	2.96
Babi Holdings Pty Ltd (CLT Super Fund A/C)	12,255,000	2.84
TTS Two Investments Pty Ltd (TTS Discretionary A/C)	8,700,000	2.01
Anest Holdings Pty Ltd (S&T Sakiris Super Fund A/C)	7,742,700	1.79
	220,201,416	50.96

Unquoted equity securities

	Number on issue	Number of holders
Performance rights over ordinary shares issued	1,002,000	8

Substantial holders

	Ordinary shares	
	Number held	% of total shares issued
(i) Ruminate Group		
Ruminate Investments Pty Ltd	45,685,716	10.57
TTS Two Investments Pty Ltd (TTS Discretionary A/C)	8,700,000	2.01
Anthony Tsigounis Pty Ltd	609,000	0.14
	54,994,716	12.72
(ii) Life Science Group		
Life Science Investments Pty Ltd (Life Science Superfund A/C)	18,000,000	4.17
Zero Hedge Investments Pty Ltd (Zero Hedge Investments A/C)	17,568,000	4.07
Biotechnology Holdings Pty Ltd (Biotechnology A/C)	12,783,336	2.96
	48,351,336	11.20
(iii) Abiogenesis Pty Ltd	46,800,000	10.83
(iv) Agparaskevi Group		
Agparaskevi Pty Ltd (Agparaskevi A/C)	24,000,000	5.55
Babi Holdings Pty Ltd (CLT Super Fund A/C)	12,255,000	2.84
	36,255,000	8.39
(v) Adaptive Radiation Group		
Adaptive Radiation Pty Ltd	26,666,664	6.17
Sequential Investments Pty Ltd 1	4,800,000	1.11
	31,466,664	7.28

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On-market buy-back
There is no current on market buy-back.

There are no other classes of equity securities.

Restricted securities and securities subject to voluntary escrow

There are no restricted securities and securities subject to voluntary escrow on 9 August 2021.