



Eradicating disease through capital investment

9 March 2021

Announcements
National Stock Exchange of Australia
1 Bligh Street
SYDNEY NSW 2000

APPENDIX 3: HALF-YEARLY FINANCIAL REPORT to 31 DECEMBER 2020

In accordance with NSX Listing Rule 6.10, iQX Limited (NSX:IQX) announces its Half-yearly Financial Report, for the year ended 31 December 2020.

For and on behalf of the Board of iQX Limited.

Aysha Hollingdale

A handwritten signature in black ink, appearing to read 'Aysha Hollingdale', written over a faint circular stamp or watermark.

Company Secretary

1. Company details

Name of entity:	iQX Limited
ACN:	155 518 380
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

					\$
Revenues from ordinary activities	down	31%	to		1,752,763
Loss from ordinary activities after tax attributable to the owners of iQX Limited	up	449%	to		(11,483,872)
Loss for the half-year attributable to the owners of iQX Limited	up	449%	to		(11,483,872)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$11,483,872 (31 December 2019: \$2,091,021).

Refer to the 'Review of operations' section of the Directors' report accompanying this Appendix 3 for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.79</u>	<u>11.97</u>

Net tangible assets includes right of use assets and leases liabilities.

4. Dividends

Current period

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

Previous period

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

5. Details of associates and joint venture entities

Details of The iQX Limited's associates and joint venture is contained in note 11 of the Interim Report included with this announcement.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report, which contains an emphasis of matter paragraph relating to going concern, is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of iQX Limited for the half-year ended 31 December 2020 is attached.

8. Signed

Authorised by the Board of Directors.



Signed _____

Date: 9 March 2021

Dr George Syrmalis
Chair
Sydney

iQX Limited

ACN 155 518 380

Interim Report - 31 December 2020

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Directors	Dr George Syrmalis, Chair and Group Chief Executive Officer Peter Simpson John Stratilas
Company secretary	Aysha Hollingdale
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

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 half-year ended 31 December 2020.

Directors

The following persons were Directors of iQX Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr George Syrmalis
Peter Simpson
John Stratilas

Principal activities

During the financial half-year the principal activity for the Group consisted of general investing activities and exploring investment opportunities in the life science industry.

Review of operations

The loss for the Group after providing for income tax amounted to \$11,483,872 (31 December 2019: \$2,091,021), which included a fair value loss on financial assets of \$13,851,648.

Key highlights in this financial period include:

- Savings in overheads of \$420,335 from COVID-19 cost reduction strategies (continuing from FY20) when compared to this time last year; and
- Strengthened cash position at half-year end of \$1,112,741 (increase of \$799,584 when compared to FY20).

The iQX team has continued to translate The iQ Group Global's strategy into tangible deliverables including:

- The realisation of good value investment at the early stage;
- The further development of iQX Limited's early-stage biotechnology assets which was listed in NASDAQ on 24 December 2020 (the biosensor diagnostic platform);
- The further development of its investment in a 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 the Directors under the Employee Incentive Scheme 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.

No other matter or circumstance has arisen since 31 December 2020 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.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Dr George Syrmalis
Chair

9 March 2021
Sydney

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

To the Directors of IQX Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2020, there have been:

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

This declaration is in respect of IQX Limited.

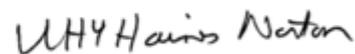


Mark Nicholaeff

Partner

Sydney

Dated: 9 March 2021



UHY Haines Norton

Chartered Accountants

iQX Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Revenue	4	1,752,763	2,546,606
Share of profits/(losses) of associates accounted for using the equity method		17,855	(31,533)
Interest revenue calculated using the effective interest method		143,555	46,578
Net foreign exchange gain		5,158	-
Other income	5	216,273	276,465
Expenses			
Employee benefits expense		(1,964,397)	(1,404,357)
Depreciation expense		(390,683)	(384,499)
Net fair value loss on financial assets		(13,851,648)	-
Consultancy fees		(202,480)	(483,612)
Other expenses	6	(1,192,155)	(2,064,767)
Finance costs		(721,804)	(554,619)
Loss before income tax benefit/(expense)		(16,187,563)	(2,053,738)
Income tax benefit/(expense)	7	4,703,691	(37,283)
Loss after income tax benefit/(expense) for the half-year attributable to the owners of iQX Limited		(11,483,872)	(2,091,021)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of iQX Limited		<u>(11,483,872)</u>	<u>(2,091,021)</u>
		Cents	Cents
Basic earnings per share	8	(2.66)	(0.49)
Diluted earnings per share	8	(2.66)	(0.49)

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

iQX Limited
Statement of financial position
As at 31 December 2020



		Consolidated	
	Note	31 Dec 2020 \$	30 Jun 2020 \$
Assets			
Current assets			
Cash and cash equivalents		1,112,741	313,157
Trade and other receivables	9	359,594	1,820,269
Financial assets held at amortised cost	10	1,069,900	1,022,993
Prepayments		160,477	39,051
Total current assets		<u>2,702,712</u>	<u>3,195,470</u>
Non-current assets			
Trade and other receivables	9	2,182,523	331,387
Financial assets held at amortised cost	10	941,258	899,992
Investments in associates and joint ventures accounted for using the equity method	11	233,380	195,140
Financial assets at fair value through profit or loss	12	9,531,200	23,386,098
Property, plant and equipment		327,277	390,452
Right-of-use assets		2,183,399	2,510,908
Intangibles		4,000	4,000
Deferred tax assets	7	5,968,557	5,256,909
Total non-current assets		<u>21,371,594</u>	<u>32,974,886</u>
Total assets		<u>24,074,306</u>	<u>36,170,356</u>
Liabilities			
Current liabilities			
Trade and other payables	13	6,279,763	6,515,057
Borrowings	14	8,707,659	4,788,081
Lease liabilities	15	615,338	577,178
Employee benefits		461,364	450,123
Total current liabilities		<u>16,064,124</u>	<u>12,330,439</u>
Non-current liabilities			
Lease liabilities	15	1,642,041	2,037,525
Deferred tax liabilities	7	2,809,272	6,801,315
Employee benefits		129,259	135,787
Total non-current liabilities		<u>4,580,572</u>	<u>8,974,627</u>
Total liabilities		<u>20,644,696</u>	<u>21,305,066</u>
Net assets		<u>3,429,610</u>	<u>14,865,290</u>
Equity			
Contributed equity	16	14,288,153	13,633,353
Reserve		108,913	715,521
Retained earnings		(10,967,456)	516,416
Total equity		<u>3,429,610</u>	<u>14,865,290</u>

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

iQX Limited
Statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Issued capital \$	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 expense for the half-year	-	-	(2,091,021)	(2,091,021)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,091,021)	(2,091,021)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	80,615	-	80,615
Balance at 31 December 2019	<u>13,633,353</u>	<u>171,447</u>	<u>3,218,917</u>	<u>17,023,717</u>
Consolidated	Issued capital \$	Reserve \$	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 half-year	-	-	(11,483,872)	(11,483,872)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,483,872)	(11,483,872)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	48,192	-	48,192
Issue of shares (note 16)	654,800	(654,800)	-	-
Balance at 31 December 2020	<u>14,288,153</u>	<u>108,913</u>	<u>(10,967,456)</u>	<u>3,429,610</u>

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

iQX Limited
Statement of cash flows
For the half-year ended 31 December 2020



	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,915,145	2,027,985
Proceeds as client monies from crowd funding	-	749,045
Payments to suppliers and employees	(5,982,312)	(1,596,867)
Government grants received	154,800	-
Interest received	2	3,871
Interest paid	(169,771)	(135,681)
	<u>(4,082,136)</u>	<u>1,048,353</u>
Net cash (used in)/from operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	-	(118,947)
Payments for investment in associates	(18,185)	(23,400)
Investment in related party bonds	(1,405,000)	159,407
	<u>(1,423,185)</u>	<u>17,060</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from related party borrowings	6,897,000	-
Repayment of related party borrowings	(89,620)	-
Repayment of lease liabilities	(262,239)	(203,093)
Interest paid on convertible notes	(240,236)	(226,848)
	<u>6,304,905</u>	<u>(429,941)</u>
Net cash from/(used in) financing activities		
Net increase in cash and cash equivalents	799,584	635,472
Cash and cash equivalents at the beginning of the financial half-year	313,157	189,228
	<u>1,112,741</u>	<u>824,700</u>
Cash and cash equivalents at the end of the financial half-year		

The above 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 half-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 are 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 March 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Reclassification of comparatives

Comparatives have been realigned where necessary, to agree with the current year presentation. This included reclassifications between consultancy fees and 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).

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Going concern

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

As disclosed in the financial statements, the Group incurred a net loss of \$11,483,872 for the half-year ended 31 December 2020 and net operating cash outflows of \$4,082,136. As at 31 December 2020, the Group had net current liabilities of \$13,361,412 and net assets of \$3,429,610. The net loss and net current liability position do prima facie give rise to a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern.

Note 2. Significant accounting policies (continued)

However, the Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after considering the following factors:

- The Group's business model is based upon generating returns by acquiring early stage life science IP and with its specialist in-house knowledge, developing the acquired IP into diagnostic or therapeutic bioscience assets. Accordingly, the success of the Company is determined by an increase in the value of its assets as they are developed and reach clinical milestones. This is reflected in the total assets which includes access to \$9,519,950 of investments recorded at fair value in relation to in GBS Inc (NASDAQ: GBS); and
- Capital raisings by way of equity in relation to projects from its related parties. The Company will receive financial support if required from the related entity, The iQ Group Global Ltd (NSX: iQG). The Company has received financial support letter from iQG to continue to provide financial support for a period of at least twelve months from the date of signing this financial report for the purposes of enabling the Company to pay its debts as and when they fall due (including those debts currently recorded past due). iQG has undertaken that it will not request repayment of any transferred funds or existing debt, if it jeopardises the Company's ability to continue as a going concern.

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

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

Note 3. 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.

Segment	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Financial services fees	244,319	624,160
Office and shared services fees	1,508,444	1,922,446
	<u>1,752,763</u>	<u>2,546,606</u>

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.

Note 4. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Financial services fees	244,319	624,160
Office and shared services fees	1,508,444	1,922,446
	<u>1,752,763</u>	<u>2,546,606</u>

Timing of revenue recognition

All revenue is recognised over a period of time.

Note 5. Other income

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Pass through income	-	247,331
Government grants	214,400	-
Consultancy fees	-	29,134
Other income	1,873	-
	<u>216,273</u>	<u>276,465</u>

Government grants

During the half-year the Group received payments from the Australian Government amounting to \$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.

The Group also received \$164,400 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.

Note 6. Other expenses

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Accounting and legal fees	57,989	92,983
Advertising and marketing	144,702	322,366
Insurance	134,798	60,586
Software and licensing	140,667	176,174
Recruitment fees	30,106	162,111
Office, administration and cleaning	273,214	281,135
Outsourced employees' costs	-	141,312
Occupancy costs	-	551,637
Expected credit losses	125,638	-
Website development	116,762	87,837
Filing fees	60,094	35,815
Other	108,185	152,811
	<u>1,192,155</u>	<u>2,064,767</u>

Refer to 'Reclassification of comparatives' in note 2.

Note 7. Income tax

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Income tax (benefit)/expense</i>		
Current tax	-	1,250,647
Deferred tax - origination and reversal of temporary differences	<u>(4,703,691)</u>	<u>(1,213,364)</u>
Aggregate income tax (benefit)/expense	<u>(4,703,691)</u>	<u>37,283</u>
Deferred tax included in income tax (benefit)/expense comprises:		
Increase in deferred tax assets	(711,648)	(1,076,888)
Decrease in deferred tax liabilities	<u>(3,992,043)</u>	<u>(136,476)</u>
Deferred tax - origination and reversal of temporary differences	<u>(4,703,691)</u>	<u>(1,213,364)</u>
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
Loss before income tax benefit/(expense)	<u>(16,187,563)</u>	<u>(2,053,738)</u>
Tax at the statutory tax rate of 25% (2019: 27.5%)	(4,046,891)	(564,778)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenditure not allowed for income tax purposes	148,554	222,594
True up adjustments	(728,083)	348,259
Timing differences	-	22,834
Other adjustments	<u>(77,271)</u>	<u>8,374</u>
Income tax (benefit)/expense	<u>(4,703,691)</u>	<u>37,283</u>
	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	159,679	255,777
Prepayments and provisions	108,795	231,393
Leases liabilities	653,676	626,896
Capital raising costs	82,937	137,003
Prior year losses carried forward	4,276,238	3,268,449
Current year losses	521,780	722,876
Other	<u>165,452</u>	<u>14,515</u>
Deferred tax asset	<u>5,968,557</u>	<u>5,256,909</u>
Movements:		
Opening balance	5,256,909	4,180,021
Credited to profit or loss	<u>711,648</u>	<u>1,076,888</u>
Closing balance	<u>5,968,557</u>	<u>5,256,909</u>

Note 7. Income tax (continued)

	Consolidated	Consolidated
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	(145,506)	81,093
Right-of-use assets	627,727	600,948
Capital raising costs	13,731	13,731
Financial instruments	2,309,152	5,867,272
Other	4,168	238,271
	<u>2,809,272</u>	<u>6,801,315</u>
Deferred tax liability		
	<u>2,809,272</u>	<u>6,801,315</u>
Movements:		
Opening balance	6,801,315	6,937,791
Credited to profit or loss	(3,992,043)	(136,476)
	<u>2,809,272</u>	<u>6,801,315</u>
Closing balance		
	<u>2,809,272</u>	<u>6,801,315</u>

Note 8. Earnings per share

	Consolidated	Consolidated
	31 Dec 2020	31 Dec 2019
	\$	\$
Loss after income tax attributable to the owners of iQX Limited	<u>(11,483,872)</u>	<u>(2,091,021)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>431,702,079</u>	<u>426,472,263</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>431,702,079</u>	<u>426,472,263</u>
	Cents	Cents
Basic earnings per share	(2.66)	(0.49)
Diluted earnings per share	(2.66)	(0.49)

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 31 December 2020 and 2019, 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.

Note 9. Trade and other receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current assets</i>		
Trade receivables	2,200	-
Other receivables	58,140	47,445
Related party receivables	299,254	1,793,352
Less: Allowance for expected credit losses	-	(20,528)
	<u>299,254</u>	<u>1,772,824</u>
	359,594	1,820,269
<i>Non-current assets</i>		
Related party receivables	1,994,114	-
Less: Allowance for expected credit losses	(142,978)	-
	<u>1,851,136</u>	<u>-</u>
Bank guarantee*	331,387	331,387
	<u>2,182,523</u>	<u>331,387</u>
	<u><u>2,542,117</u></u>	<u><u>2,151,656</u></u>

* Bank guarantee is for the lease agreement for 85 Castlereagh Street, Sydney, NSW 2000.

Allowance for expected credit losses

The Group has recognised a loss of \$125,638 (31 December 2019: \$nil) in profit or loss in respect of the expected credit losses for the year ended 31 December 2020.

Note 10. Financial assets held at amortised cost

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current assets</i>		
Bonds with related parties*	1,069,900	1,022,993
<i>Non-current assets</i>		
Bonds with related parties*	1,013,959	969,505
Less: Allowance for expected credit losses	(72,701)	(69,513)
	<u>941,258</u>	<u>899,992</u>
	<u><u>2,011,158</u></u>	<u><u>1,922,985</u></u>

* Refer to note 19 for details of bonds with related parties.

Note 11. Investments in associates and joint ventures accounted for using the equity method

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Investment in associates	<u>233,380</u>	<u>195,140</u>

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 that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2020	30 Jun 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.

** The Group has a 50% interest in EBI. EBI offers various fixed term debt instruments for investors looking to invest across the global bioscience sector. This is a joint venture with the iQ Group Global Limited, a related party of the Group.

Note 12. Financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Non-current assets</i>		
Shares in unlisted companies - designated at fair value through profit or loss*	9,519,950	23,371,598
Shares in listed companies - held for trading	<u>11,250</u>	<u>14,500</u>
	<u>9,531,200</u>	<u>23,386,098</u>

* The fair value in relation to shares in the underlying investment (GBS Inc.) was reduced by \$13,851,648 (30 June 2020: \$1,500,000) based on the fair value assessment performed by management. The reduction in the fair value was due 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 18 for further information on fair value measurement.

Note 13. Trade and other payables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	298,153	895,774
Related party payables (refer to note 19)	4,560,853	4,867,213
Sundry payables and accrued expenses*	<u>1,420,757</u>	<u>752,070</u>
	<u><u>6,279,763</u></u>	<u><u>6,515,057</u></u>

* At 31 December 2020, sundry payables and accrued expenses included \$1,221,338 due to the Australian Tax Office (30 June 2020: \$609,328).

Note 14. Borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Convertible notes	5,011,136	4,788,081
Loan from related party (refer to note 19)	<u>3,696,523</u>	<u>-</u>
	<u><u>8,707,659</u></u>	<u><u>4,788,081</u></u>

At 31 December 2020 the convertible notes were at a coupon rate of 9% per annum.

Note 15. Lease liabilities

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>615,338</u>	<u>577,178</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,642,041</u>	<u>2,037,525</u>
	<u><u>2,257,379</u></u>	<u><u>2,614,703</u></u>

Note 16. Contributed equity

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>432,166,263</u>	<u>142,157,421</u>	<u>14,288,153</u>	<u>13,633,353</u>

Note 16. Contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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	<u>288,110,842</u>		-
Balance	31 December 2020	<u>432,166,263</u>		<u>14,288,153</u>

* 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.

Note 17. Dividends

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

Note 18. 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 - 31 Dec 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Shares in unlisted companies	-	9,519,950	-	9,519,950
Shares in listed companies	11,250	-	-	11,250
Bonds with related parties	-	2,011,158	-	2,011,158
Total assets	<u>11,250</u>	<u>11,531,108</u>	-	<u>11,542,358</u>
Liabilities				
Convertible notes	-	5,011,136	-	5,011,136
Total liabilities	-	<u>5,011,136</u>	-	<u>5,011,136</u>

Note 18. Fair value measurement (continued)

Consolidated - 30 Jun 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
Bonds with related parties	-	1,992,498	-	1,992,498
Total assets	14,500	25,364,096	-	25,378,596
Liabilities				
Convertible notes	-	4,788,081	-	4,788,081
Total liabilities	-	4,788,081	-	4,788,081

There were no transfers between levels during the financial half-year.

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

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 31 December 2020 and 30 June 2020 based on internal assessments performed by management, with reference to investment vehicle.

The Group holds 8.0% (30 June 2020: 11.5%) of the listed underlying investment GBS Inc. (NASDAQ: GBS), subsidiary of Life Science Biosensor Diagnostics Pty Limited (LSBD) via 19% direct ownership. Management have valued LSBD at \$48,268,143 as at 31 December 2020 (30 June 2020: \$119,492,984). The change in the valuation compared to 30 June 2020, was due to 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.

Note 19. Related party transactions

Parent entity

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

The Group transacted with the following related companies.

Related party	Relationship
The iQ Group Global Limited and its 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
Nereid Enterprises Pty Ltd	An associate with common directorship and/key management personnel
EBI	A joint venture with common directorship and/key management personnel
BiosensX Pty Ltd	Common directorship and key management personnel

Associates and joint ventures

Interests in associates are set out in note 11.

Note 19. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	Consolidated
	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue:		
Financial services fees received from related parties	244,319	624,160
Shared services fees received from related parties	1,508,444	1,922,446
Other income:		
Pass through income from related parties	-	247,331
Consultancy fees	-	29,134
Expenses:		
Payment of shared services fees to related parties	-	551,437

Receivable from and payable to related parties

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

	Consolidated	Consolidated
	31 Dec 2020	30 Jun 2020
	\$	\$
Current receivables:		
Receivables from related parties (net of expected credit losses)	299,254	1,772,824
Non-current receivables:		
Receivables from related parties (net of expected credit losses)	1,851,136	-
Current payables:		
Payables to related parties	4,560,853	4,867,213

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	Consolidated
	31 Dec 2020	30 Jun 2020
	\$	\$
Current receivables:		
Bonds with related parties (i)	1,069,900	1,022,993
Non-current receivables:		
Bonds with related parties (net of expected credit losses) (i)	941,259	899,992
Current borrowings:		
Loan from related party (ii)	3,696,523	-

Note 19. Related party transactions (continued)

(i) Details of bonds with related parties

Related party	Terms	31 Dec 2020 \$	30 June 2020 \$
The iQ Group Global Limited	Maturity date of the bond is 30 June 2021, with an annual coupon rate of 9%.	1,069,900	1,022,993
iQ3Corp Limited	Maturity date of the bond is 30 June 2022, with an annual coupon rate of 9%.	<u>941,259</u>	<u>899,992</u>
		<u><u>2,011,159</u></u>	<u><u>1,922,985</u></u>

(ii) Loan from related party

On 26 May 2020, the Company entered into a bond facility agreement of approximately \$1.6 million with EBI. The facility has a simple interest rate of 18% and expires on 30 June 2021.

On 1 September 2020, the Company entered into another bond facility agreement for approximately \$2.5 million with EBI. The facility has a simple interest rate of 18% and expires on 1 September 2021.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Dr George Syrmalis
Chair

9 March 2021
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of IQX Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of IQX Limited ("the Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) Giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Company incurred a net loss of \$11,483,872 during the half-year ended 31 December 2020 and, as of that date, the Company had a net current liability position of \$13,361,412. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IQX Limited during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Mark Nicholaeff

Partner

Sydney

Date: 9 March 2021



UHY Haines Norton

Chartered Accountants