iQX LIMITED

ACN 155 518 380

APPENDIX 3 AND INTERIM FINANCIAL REPORT

For the period ended 31 December 2018

iQX LIMITED

ACN 155 518 380

APPENDIX 3

Reporting Period:	Six months ended 31 December 2018
Previous Corresponding Period:	Six months ended 31 December 2017

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. The Accounting Standards have been applied prospectively .

Results for announcement to the market

Revenue and net profit	**31 December 2018**	**Percentage change**	**Amount change**
Revenue from ordinary activities	1,202,870	39%	337,434
Loss from ordinary activities after tax	(1,540,922)	(18%)	(231,009)
Loss from ordinary activities after tax attributable to owners	(1,540,922)	(18%)	(231,009)

Dividends	**Dividend**	**Amount per security**	**Franked amount per security**
Interim dividend in respect of the six months ended 31 December 2018:	NIL	NIL	NIL

Net tangible assets per security	**31 December 2018**	**31 December 2017**
Net tangible assets per security (cents per security)	10.91	9.99

Commentary on results

Commentary for the interim financial results for the six months ended 31 December 2018 is contained in the National Securities Exchange (NSX) release and on page 2 of the Interim Financial Report included with this announcement.

Details of associates

Details of iQX Limited's associates are contained on page 17 of the Interim Financial Report included with this announcement.

Compliance Statement

The information provided in the Appendix 3 and throughout iQX Limited's Interim Financial Report is based on iQX Limited's interim financial statements for the half-year ended 31 December 2018.

iQX Limited's interim financial statements for the half-year ended 31 December 2018 have been subject to a review. A copy of the independent auditor's review report is set out on page 21 of the Interim Financial Report included with this announcement.

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

A member of the iQ Group Global

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This Interim Financial Report is provided to the National Securities Exchange (NSX) and should be read in conjunction with the 2018 Annual Report and any announcements made to the market during the current reporting period.

DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial statements of iQX Limited ("iQX" or the "Company") and its subsidiaries (collectively referred to as the "Group") as at and for the half-year ended 31 December 2018.

DIRECTORS

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

- Dr George Syrmalis
- Mr Kosmas Dimitriou
- Mr Peter Simpson
- Mr 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.

OPERATING AND FINANCIAL REVIEW

Operating highlights:

The iQX team has successfully continued to implement the Group's strategy in the first half of 2019.

The company is continuing its expansion strategy in the areas of crowd funding through Capital Labs (capitallabs.com.au), investing in early stage life science opportunities (Series 8 Life Science Fund (Global) ESVCLP LP), and progressing with achieving further milestones in its investment interests in Glucose Biosensor Systems (Greater China) Holdings Inc as it has continued to edge closer to commercialisation stage and is preparing for the launch rollout in China and Hong Kong Region whilst in preparation for a proposed Initial Public Offering in the USA.

Financial highlights:

Revenue increased 39% when compared to half-year 2018 (HY19 $1,203K, HY18 $865K

Net loss after tax was $1.5M, a decrease of $231,009 from the prior half-year (HY18 $1.3M). This reflects the continued development of our infrastructure to meet our strategic objectives.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ROUNDING OF AMOUNTS

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

AUDITOR INDEPENDENCE

The auditor's independence declaration is set out on page 3 and forms part of this directors' report for the financial half-year ended 31 December 2018.

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

On behalf of the directors.

Kosmas Dimitriou
Chair

Sydney
15 March 2019

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of iQX Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 15 March 2019

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IQX LIMITED AND CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	***Note***	**31 December 2018**	**31 December 2017**
Revenue	*6*	1,202,870	865,436
Change in fair value financial asset		1,204,349	-
Other income		6,572	112
Employee benefits expense		(907,567)	(861,952)
Depreciation and amortisation expense		(192,278)	(36,015)
Consultancy fees		(166,303)	(70,394)
Occupancy costs		(752,994)	(344,370)
Other expenses		(818,818)	(550,653)
Finance costs		(766,485)	(291,979)
Share of loss of associated companies		(23,022)	(20,098)
Loss before income tax		**(1,213,676)**	**(1,309,913)**
Income tax expense		(327,246)	-
Net loss for the period		**(1,540,922)**	**(1,309,913)**

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Loss per share for the period attributable to the ordinary equity holders of the Company:

Basic loss per share (cents per share)	*11*	(1.20)	(1.11)
Diluted loss per share (cents per share)	*11*	(1.20)	(1.11)

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	***Note***	**31 December 2018**	**31 December 2017**
Net loss for the period		**(1,540,922)**	**(1,309,913)**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss when specific conditions are met:		-	-
Other comprehensive profit/(loss) for the period, net of tax		**-**	**-**
Total comprehensive loss for the period		**(1,540,922)**	**(1,340,947)**

The above interim consolidated statements of profit or loss, and other comprehensive income, should be read in conjunction with the accompanying notes to the interim consolidated financial statements.

IQX LIMITED AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	30 June 2018
Assets			
Current assets			
Cash		43,361	276,968
Trade and other receivables	7	1,166,535	918,026
Prepayments		350,684	158,408
Other current assets		-	-
Total current assets		**1,560,580**	**1,353,402**
Non-current assets			
Property, plant and equipment		386,731	291,456
Intangible assets		986,872	1,144,414
Other receivables	7	331,387	331,387
Investment in related party bond		876,418	-
Investment in associate		227,638	228,060
Financial assets		20,703,568	19,499,218
Deferred tax assets		1,320	1,320
Total non-current assets		**23,513,934**	**21,495,855**
Total Assets		**25,074,514**	**22,849,257**
Liabilities			
Current liabilities			
Trade and other payables	8	1,897,016	872,618
Contract liabilities	9	502,662	-
Employee benefit liabilities		371,746	258,794
Borrowings		-	-
Total current liabilities		**2,771,424**	**1,131,412**
Non-current liabilities			
Employee benefit liabilities		49,200	42,806
Borrowings		3,601,535	3,065,696
Deferred tax liabilities		3,593,081	3,208,384
Total non-current liabilities		**7,243,816**	**6,316,886**
Total liabilities		**10,015,240**	**7,448,298**
Net assets		**15,059,274**	**15,400,959**
Equity			
Contributed equity	10	11,957,675	10,758,438
Retained earnings		3,101,599	4,642,521
Total equity		**15,059,274**	**15,400,959**

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

IQX LIMITED AND CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	Contributed equity	Option reserve	Retained earnings	Total
Balance at 1 July 2018	**10,758,438**	**-**	**4,642,521**	**15,400,959**
Total comprehensive loss for the period				
Loss for the period	-	-	(1,540,922)	(1,540,922)
Other comprehensive profit/(loss) for the period	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(1,540,922)**	**(1,540,922)**
Transactions with owners recorded directly in equity				
Issued capital	1,323,350	-	-	1,323,350
Capital raising costs	(124,113)	-	-	(124,113)
Total transactions with owners recorded directly in equity	**1,199,237**	**-**	**-**	**1,199,237**
Balance at 31 December 2018	**11,957,675**	**-**	**3,101,599**	**15,059,274**
Balance at 1 July 2017	**6,252,842**	**-**	**8,251,411**	**14,504,253**
Total comprehensive loss for the period				
Loss for the period	-	-	(1,309,913)	(1,309,913)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(1,309,913)**	**(1,309,913)**
Transaction with owners recorded directly in equity				
Capital raising costs	-	-	-	-
Issued capital	5,847	-	-	5,847
Total transactions with owners recorded directly in equity	**5,847**	**-**	**-**	**5,847**
Balance at 31 December 2017	**6,258,689**	**-**	**6,941,498**	**13,200,187**

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

IQX LIMITED AND CONTROLLED ENTITIES

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

In dollars	*Note*	31 December 2018	31 December 2017
Cash flows from operating activities			
Receipts from customers		1,242,840	1,347,383
Payments to suppliers and employees		(2,813,958)	(1,163,447)
Interest received		-	112
Net cash (used)/generated from operating activities	*14*	**(1,571,118)**	**184,048**
Cash flows from investing activities			
Purchase of property, plant and equipment		(130,011)	(4,770)
Purchase of intangible assets		-	(178,892)
Investment in related party Bond		(876,418)	-
Net cash used in investing activities		**(1,006,429)**	**(183,662)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares (net of costs)		1,199,237	-
Proceeds from subscription money received (net of costs)		1,144,703	-
Net cash generated from financing activities		**2,343,940**	**-**
Net decrease in cash and cash equivalents		(233,607)	386
Cash and cash equivalents at the beginning of the period		276,968	177,604
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at the end of the period		**43,361**	**177,990**

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

1. REPORTING ENTITY

IQX Limited ("iQX" or the "Company") is a for-profit company limited by shares which is incorporated and domiciled in Australia. These interim consolidated financial statements as at and for the half-year ended 31 December 2018 comprise of the Company and its subsidiaries (collectively referred to as the "Group").

These interim financial statements were authorised for issue by the Board of Directors on 14 March 2019.

2. STATEMENT OF COMPLIANCE

These condensed general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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 consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The impact on the financial performance and position of the consolidated entity from the adoption of these Accounting Standards is detailed in note 2.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

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

Rendering of services

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest

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

Other revenue

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

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 days. The consolidated entity 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.

Contract assets

Contract assets are recognised when the consolidated entity has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

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.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity 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, it's carrying value is written off.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity 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 consolidated entity'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.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

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

4. GOING CONCERN

The interim 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 interim financial statements, the consolidated entity incurred a loss of $1,540,922 and had net cash used in operating activities of $1991,295 for the half year ended 31 December 2018. As at that date the company had net current liabilities of $739,246.

However, the Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern on the basis that the Group will continue to generate revenue through license procurement income, and increase in values of the conpany’s undelying investments.

5. OPERATING SEGMENTS

The Group has identified operating segments based on internal reporting that is reviewed and used by the chief operating decision makers (the Group CEO and the Group Chief Financial and Operating Officer) in assessing the performance of the respective segments. The operating segments are identified by management based on the nature of services provided, with each operating segment representing a strategic business that serves a different segment of the market.

In half-year 2019 the Group has two revenue streams being: (1) financial services fees charged; and (2) office and shared services fees charged. Segment analysis of revenue is provided below.

Information on net profit and assets by segment is not provided to the chief operating decision makers.

In dollars	31 December 2018	31 December 2017
Fees – financial services	67,338	177,728
Office and shared services revenue	1,135,532	687,708
Total revenue	**1,202,870**	**865,436**

Information on geographical segments

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

Reliance on major customers

One hundred percent of the Group's revenue is derived from related parties.

6. REVENUE

In dollars	31 December 2018	31 December 2017
Corporate advisory services	67,338	177,728
Office and shared services revenue	1,135,532	687,708
Total revenue	**1,202,870**	**865,436**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major service line

In dollars	31 December 2018	31 December 2017
Corporate advisory services	67,338	177,728
Office and shared services revenue	1,135,532	687,708
Total revenue	**1,202,870**	**865,436**

6. REVENUE (CONTINUED)

Timing of revenue recognition

In dollars	31 December 2018	31 December 2017
Services transferred at a point in time	-	-
Services transferred over time	1,202,870	865,436
Total revenue	**1,202,870**	**865,436**

7. TRADE AND OTHER RECEIVABLES

In dollars	31 December 2018	30 June 2018
Trade receivables	-	-
Related party receivables	899,946	654,158
Less: Allowance for expected credit losses	(4,425)	(9,964)
	895,521	**644,194**
Other receivables	271,014	273,832
Bank guarantee[1]	331,387	331,387
	2,845,938	**1,249,413**
Current	1,166,535	918,026
Non-current	331,387	331,387
Total trade and other receivables	**1,497,922**	**1,249,413**

[1] Provision of bank guarantee relating to the lease agreement for 85 Castlereagh Street, Sydney, NSW 2000.

Allowance for expected credit losses

The consolidated entity has recognised a loss of $4,425 (30 Jun 2018: $9,964) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018.

8. TRADE AND OTHER PAYABLES

In dollars	31 December 2018	30 June 2018
Trade payables	382,851	429,979
Sundry payables and accrued expenses	1,410,314	169,271
Related party payables	103,852	273,368
Total trade and other payables	**1,897,017**	**872,618**
Current	1,897,017	872,618
Non-current	-	-
Total trade and other payables	**1,897,017**	**872,618**

9. CONTRACT LIABILITIES

In dollars	**31 December 2018**	**30 June 2018**
Contract liabilities	502,662	-
Total Contract liabilities	**502,662**	**-**

Reconciliation

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

In dollars	**31 December 2018**	**30 June 2018**
Opening balance	-	-
Payment receive in advance	570,000	-
Cumulative catch-up adjustments	-	-
Transfer to revenue – included in the opening balance	-	-
Transfer to revenue – performance obligations satisfied in current period	(67,338)	-
Transfer to revenue – other balances	-	-
Closing balance	**502,662**	**-**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $502,662 as at 31 December 2018 ($nil as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

In dollars	**31 December 2018**	**30 June 2018**
Within 6 months	134,676	-
6 to 12 months	134,676	-
12 to 18 months	134,676	-
18 to 24 months	98,634	-
	502,662	**-**

10. ISSUED CAPITAL

	Number of shares	$
In issue at 1 July 2017	117,835,900	6,252,842
Allotment of shares from exercise of Loyalty options	396,000	-
Convertible notes	8,826,472	4,945,596
Share and note issue costs	-	(440,000)
In issue at 30 June 2018	**127,058,372**	**10,758,438**
Issue capital	4,901,298	1,323,350
Convertible notes	-	-
Share and note issue costs		(124,113)
In issue at 31 December 2018	**131,959,670**	**11,957,675**

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

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

11. EARNINGS PER SHARE (EPS)

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

Loss attributable to ordinary shareholders

In dollars	31 December 2018	31 December 2017
Loss for the period attributable to owners of iQX Limited	(1,540,922)	(1,309,913)
Weighted-average number of ordinary shares at the end of the period	128,052,060	117,835,900
Basic loss per share	(1.20)	(1.11)
Diluted loss per share	(1.20)	(1.11)

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

Diluted earnings per share is calculated as earnings for the period attributable to the Company over the weighted average number of shares which has been adjusted to reflect the number of shares which would be issued if outstanding options were to be exercised.

There were no outstanding options at 31 December 2018. Due to the statutory loss attributable to the Company for the comparative period ended 31 December 2017, the effect of these instruments has been excluded from the calculation of diluted earnings per share for the comparative period as they would reduce the loss per share.

12. FAIR VALUE MEASUREMENT

Fair value hierarchy

The Group's assets and liabilities are measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

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

Level 3: Unobservable inputs for the asset or liability.

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

The gain recognised in profit or loss for the period from level 2 valuations is $1,204,350 (FY18: nil).

Consolidated – at 31 December 2018

In dollars	Level 1	Level 2	Level 3	Total
Assets				
Shares in unlisted companies	-	20,204,350	-	20,204,350
Shares in listed companies	11,250	-	-	11,250
Shares in quoted unit trusts	16,370	-	-	16,370
Total assets	**27,620**	**20,204,350**	**-**	**20,231,970**
Liabilities				
Convertible notes	-	3,601,535	-	3,601,535
Total Liabilities	**-**	**3,601,535**	**-**	**3,601,535**

Consolidated – at 30 June 2018

In dollars	Level 1	Level 2	Level 3	Total
Assets				
Shares in unlisted companies	-	19,471,598	-	19,471,598
Shares in listed companies	11,250	-	-	11,250
Shares in quoted unit trusts	16,370	-	-	16,370
Total assets	**27,620**	**19,471,598**	**-**	**19,499,218**
Liabilities				
Convertible notes	-	3,065,696	-	3,065,696
Total Liabilities	**-**	**3,065,696**	**-**	**3,065,696**

12. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation techniques for fair value measurements categorised within level 2

The shares in unlisted company were revalued on 31 December 2018 based on internal assessments performed by management, with reference to independent private placement investments made in the vehicle.

The planned listing of the underlying investment will entail 12% of the total equity of which iQX Limited owns 19% of the issued capital being listed. Independent pre-ipo investors have valued the shares in the underlying entity at USD 75,000,000 (current year valuation).

Management chose to revalue based on an internal assessment of private placement investment as it provided a more conservative outcome when compared to a valuation which was undertaken by an external party. Allowances have also been made for exchange rate fluctuations on this asset.

13. TRANSACTIONS WITH RELATED PARTIES

(i) Parent and ultimate controlling party

iQX Limited was the parent and ultimate controlling party of the Group throughout the half-year ended 31 December 2018.

(ii) Transactions with other related parties

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

Entity name	Relationship
iQnovate Ltd and controlled entities	Common directorship and/ key management personnel
iQ3Corp Ltd and controlled entities	Common directorship and/ key management personnel
Nereid Enterprises Pty Ltd	An Associate with common directorship and/key management personnel
Oncotex	An Associate with common directorship and/key management personnel

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

In dollars	31 December 2018	31 December 2017
Total revenue and other income received from related parties	**1,202,870**	**865,436**
Office sharing invoices received from related parties	296,295	278,455
Other transaction and administrative invoices received from related parties	197,303	114,244
Total invoices received from related parties	**493,598**	**392,699**
Trade payable accounts with related parties	(103,852)	(1,941,076)
Trade receivable accounts with related parties	899,946	424,780
Net trade receivable/(payable) from related parties	**796,000**	**(1,516,296)**

13. TRANSACTION WITH RELATED PARTIES (CONTINUED)

(iii) Bond with related entity – iQnovate Ltd

On the 10 September 2018 the company entered into a bond instrument with a related entity, iQnovate Ltd, for a value of $876,418. The Maturity date of the bond is 30 June 2021, with a simple annual coupon rate of 9%.

(iv) Details of associates

Name	Country of incorporation	Ownership interest 31 December 2018	Ownership interest 31 December 2017
New Frontier Holdings LLC	USA	20%	20%
Nereid Enterprises Pty Ltd	AUS	20%	20%
Nereid Enterprises LLC	USA	20%	20%
Oncotex Inc	USA	19%	-

14. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In dollars		31 December 2018	31 December 2017
Cash flows from operating activities			
Loss for the period		(1,540,922)	(1,309,913)
Adjustments for:			-
Amortisation		157,542	
Depreciation		34,736	36,015
Interest on convertible notes		-	290,546
Share of loss from associated companies		422	20,098
	3	**(1,348,222)**	**(963,254)**
Changes in:			
Trade and other receivables		(720,107)	395,403
Borrowings		535,839	
Prepayments		(192,276)	17,235
Other receivables		471,598	-
Trade and other payables		(120,305)	689,545
Employee benefits		119,346	45,119
Financial Assets		(1,204,350)	
Deferred revenue		502,662	-
Deferred tax liabilities		384,697	-
		(222,896)	**1,147,302**
Net cash used in operating activities		**(1,571,118)**	**184,048**

15. SUBSEQUENT EVENTS

On 16 January 2019, pursuant to a share allotment notice, IQX Limited issued 4,608,308 fully paid ordinary shares in IQX by way of strategic placement, at an issue price of $0.27 per share. The funds for these shares was received by the Company, prior to 31 December 2018, and have treated as an Other Payable in the Statement of Financial Position.

There has not arisen in the interval between the end of the financial half-year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations or state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

1. In the opinion of the Board of Directors of iQX Limited ("the Company"):

   a. the interim consolidated financial statements and notes that are set out on pages 4 to 19 are in accordance with the *Corporations Act 2001*, including:

      I. giving a true and fair view of the financial position as at 31 December 2018 of the Company and its controlled entities ("the Group") and of the Group's performance for the financial half-year ended on that date; and

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

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial half-year ended 31 December 2018.

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

Signed in accordance with a resolution of Directors.

Kosmas Dimitriou

Chair

Sydney

15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

IQX LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iQX Limited (the Company) and its subsidiaries (the Group), which comprises the interim consolidated statement of financial position as at 31 December 2018, the interim consolidated statement of profit or loss, the interim consolidated statement of other comprehensive income, the interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of iQX Limited, 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.

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Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS

D Talbot

David Talbot
Partner

Sydney, NSW
Dated: 15 March 2019

CORPORATE DIRECTORY

ACN 155 518 380

Directors

Kosmas Dimitriou, *Chair*

Dr George Syrmalis, *Executive Director and Chief Executive Officer*

Peter Buchanan Simpson

John Stratilas

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Auditor

RSM Australia Partners

Level 13, 60 Castlereagh Street

Sydney NSW 2000

Stock exchange listings

iQX Limited shares are listed on the National Securities Exchange (NSX:IQX).

Website address

www.iqxinvestments.com