



iQ3CORP LTD

ACN 160 238 282

APPENDIX 4D AND INTERIM FINANCIAL REPORT

For the period ended 31 December 2018

ASX APPENDIX 4D

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 retrospectively and comparatives have been restated, where applicable.

Section A: Results for announcement to the market

	31 December 2018	Percentage change	Amount change
Revenue and net profit			
Revenue from ordinary activities	2,925,265	(14.90%)	(512,323)
Profit from ordinary activities after tax	320,356	333.38%	246,436
Profit from ordinary activities after tax attributable to owners	320,356	333.28%	246,436
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)	1.96	1.68	

Section B: Commentary on results

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

Details of Associates

Details of iQ3Corp Ltd's associates are contained on page 16 of the Interim Financial Report included with this announcement.

Compliance Statement

The information provided in the Appendix 4D and throughout iQ3Corp Ltd's Interim Financial Report is based on iQ3Corp Ltd's interim financial statements for the half-year ended 31 December 2018.

iQ3Corp Ltd's interim financial statements for the half-year ended 31 December 2018 have been subject to review. A copy of the independent review report is set out on page 19 of the Interim Financial Report included with this announcement.



INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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This Interim Financial Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A 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 iQ3Corp Ltd ("iQ3Corp" 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 iQ3Corp during the whole of the half-year financial period and up to the date of this report, unless otherwise stated:

- Mr Kosmas Dimitriou
- Mr Peter Coolentianos
- Ms Jimena Hurtado

PRINCIPAL ACTIVITIES

During the half-year the principal activity for the Group consisted of the provision of capital raising and corporate advisory services to listed and unlisted companies in the Life Science industry.

OPERATING AND FINANCIAL REVIEW

Operating highlights

iQ3Corp is an AFSL authorised representative (AFSL 451144) corporate finance advisory firm specialising in providing services to the life science industry.

During the past 6 months there has been a surge of corporate deals happening in the global biotech sector, especially merger and acquisition activity both at corporate level as well as IP licensing and joint venture projects.

iQ3Corp has continued to progress its current portfolio of clients and has also added new projects to its book as well as collaborations with US business partners. It has signed up significant contracts leading to a solid pipeline of work for the next 12-36 months.

The directors are delighted to outline the financial results from the expansion of these activities in the Financial Highlights section below.

Financial highlights

During the half-year, the Group has continued to meet the strategic objectives and continue the upward trend by returning an increase of 333% in profitability as below:

- Profit during the five years of operations (HY19 \$320K; HY18 \$74K);
- Gross Profit in HY19 increased by \$153k to \$2,784k;
- The Net Assets of the Group in HY19 increased by \$393, to \$2,293k).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

AUDITOR INDEPENDENCE

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

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.

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



Peter Coolentianos

Chair

Sydney

26 February 2019

LEAD AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of IQ3Corp Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

Vincents Audit Pty Ltd

A handwritten signature in black ink, appearing to read "Phillip Miller", with a small flourish at the end.

Phillip Miller CA
Director

Address: Level 2, 14 Moore Street, Canberra ACT 2601

Dated: 26 February 2019

IQ3CORP LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

<i>In dollars</i>	<i>Note</i>	31 December 2018	31 December 2017
Revenue	6	2,925,265	3,437,588
Cost of sales		(140,875)	(806,070)
Gross profit		2,784,390	2,631,518
Employee benefits expense		(1,606,369)	(1,393,001)
Office sharing cost		(436,555)	(238,487)
Depreciation expense		(10,891)	(27,041)
Other expenses		(695,526)	(745,701)
Consultancy fees		(99,418)	(111,306)
Finance costs		(19,240)	(8,078)
Finance income		8	626
Share of profit/(loss) of associated companies net of tax		403,958	(34,511)
Profit before income tax		320,357	74,019
Income tax expense		-	(99)
Net profit for the period		320,357	73,920

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

Basic earnings per share (cents per share)	11	0.31	0.07
Diluted earnings per share (cents per share)	11	0.31	0.07

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

<i>In dollars</i>	<i>Note</i>	31 December 2018	31 December 2017
Net profit for the period		320,357	73,920
Other comprehensive income			
Foreign currency translation differences on foreign operations		54,591	(21,026)
Fair value of unrealised profits on available-for-sale financial assets		21,675	19,125
Other comprehensive profit /(loss) for the period, net of tax		76,266	(1,901)
Total comprehensive profit/(loss) for the period		396,623	72,019

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

IQ3CORP LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

<i>In dollars</i>	<i>Note</i>	31 December 2018	30 June 2018
Assets			
Current assets			
Cash		190,243	512,927
Trade and other receivables	7	3,203,719	1,252,903
Prepayments		42,208	13,691
Other current assets		6,468	12,644
Total current assets		3,442,638	1,792,165
Non-current assets			
Property, plant and equipment		85,628	96,799
Intangible assets		285,136	274,010
Investment in Associate		925,228	456,119
Other investments		146,626	124,951
Total non-current assets		1,442,618	951,879
Total Assets		4,885,256	2,744,044
Liabilities			
Current liabilities			
Trade and other payables	8	883,246	473,346
Contract liabilities	9	1,071,464	-
Employee benefit liabilities		637,429	370,305
Total current liabilities		2,592,139	843,651
Non-current liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		2,592,139	843,651
Net assets		2,293,117	1,900,393
Equity			
Contributed equity	10	7,180,348	7,184,247
Reserves		(277,753)	(354,019)
Accumulated losses		(4,609,478)	(4,929,835)
Total equity		2,293,117	1,900,393

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

IQ3CORP LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Contributed equity	Foreign currency translation reserve	Financial assets reserve	Accumulated losses	Total
<i>In dollars</i>					
Balance at 1 July 2018	7,184,247	(96,467)	(257,552)	(4,929,835)	1,900,393
Total comprehensive loss for the period					
Profit for the period	-	-	-	320,357	320,357
Other comprehensive income for the period	-	54,591	21,675	-	76,266
Total comprehensive income for the period	-	54,591	21,675	320,357	396,623
Transactions with owners recorded directly in equity					
Transaction costs	(3,899)	-	-	-	(3,899)
Total transactions with owners recorded directly in equity	(3,899)	-	-	-	(3,899)
Balance at 31 December 2018	7,180,348	(41,876)	(235,877)	(4,609,478)	2,293,117
Balance at 1 July 2017	6,748,281	(95,279)	(255,002)	(4,928,773)	1,469,227
Total comprehensive loss for the period					
Profit for the period				73,920	73,920
Other comprehensive loss for the period		(21,026)	19,125		(1,901)
Total comprehensive loss for the period	-	(21,026)	19,125	73,920	72,019
Transactions with owners recorded directly in equity					
Capital raising costs	11,641	-	-	-	11,641
Issue of options	427,500	-	-	-	427,500
Total transactions with owners recorded directly in equity	439,141	-	-	-	439,141
Balance at 31 December 2017	7,187,422	(116,305)	(235,877)	(4,854,853)	1,980,387

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

IQ3CORP LTD AND CONTROLLED ENTITIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

<i>In dollars</i>	<i>Note</i>	31 December 2018	31 December 2017
Cash flows from operating activities			
Receipts from customers		2,338,439	2,284,531
Payments to suppliers and employees		(2,631,331)	(2,161,203)
Interest received		8	626
Interest paid		(19,240)	(8,078)
Income tax paid		-	(99)
Net cash generated from operating activities	13	(312,124)	115,777
Cash flows from investing activities			
Investment in associates		(65,151)	(19,515)
Purchase of intangible assets		-	(290,558)
Net cash used in investing activities		(65,151)	(310,073)
Cash flows from financing activities			
Proceeds from issue of share capital		-	427,500
Proceeds from loyalty option deposits		-	-
Share issue transaction costs		-	-
Net cash generated from/ (used in) financing activities		-	427,500
Net decrease in cash and cash equivalents		(377,275)	233,204
Cash and cash equivalents at the beginning of the period		512,927	165,807
Effect of movements in exchange rates on cash held		54,591	(21,026)
Cash and cash equivalents at the end of the period		190,243	377,985

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

IQ3CORP LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. REPORTING ENTITY

iQ3Corp Ltd (“iQ3Corp” or the “Company”) is a for-profit company limited by shares which is incorporated and domiciled in Australia.

These interim consolidated financial statements (“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 26 February 2018.

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:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Rendering of services

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

Interest

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

Other revenue

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

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. Restatement of comparatives – adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers'

Adoption of AASB 9 'Financial Instruments'

The consolidated entity has adopted AASB 9 from 1 January 2018, using the full retrospective method of adoption and comparatives have been restated.

Interest revenue' is no longer included in the 'Revenue' note and is now shown separately on the face of the statement of profit or loss and other comprehensive income.

The consolidated entity has applied the simplified approach to measuring expected credit losses, resulting in an additional impairment expense of \$217,257 (and a total impairment expense of \$484,683) for the half-year ended 31 December 2018.

Adoption of AASB 15 'Revenue from Contracts with Customers'

The consolidated entity has adopted AASB 15 from 1 January 2018, using the retrospective method of adoption (with the exemption of hedge accounting), resulting in the following restatement of comparatives for the statement of financial position as at 30 June 2018:

The adoption of AASB 15 has resulted in no change in the consolidated entity accounting practice.

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 CEO) 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 the half-year ending 31 December 2018, iQ3Corp provided two types of services to related parties, those services being: (a) consulting services; and (b) shared services. Segment analysis of revenue is provided below. Information on gross profit and net assets by segment is not provided to the chief operating decision makers.

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

<i>In dollars</i>	31 December 2018	31 December 2017
Corporate advisory related revenue	2,623,166	2,948,393
Office and shared services revenue	302,099	489,195
Total revenue	2,925,265	3,437,588

6. REVENUE (CONTINUED)

Disaggregation of revenue

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

Major service line

<i>In dollars</i>	31 December 2018	31 December 2017
Corporate advisory services	1,844,636	1,289,617
Project management services	282,398	0
Capital raising fees	489,132	694,776
Shared services	309,099	503,195
Other	-	950,000
Total revenue	2,925,265	3,437,588

Timing of revenue recognition

<i>In dollars</i>	31 December 2018	31 December 2017
Services transferred at a point in time	-	950,000
Services transferred over time	2,925,265	2,487,588
Total revenue	2,925,265	3,437,588

7. TRADE AND OTHER RECEIVABLES

<i>In dollars</i>	31 December 2018	30 June 2018
Trade receivables	350,785	297,425
Related party receivables	3,315,133	1,074,395
Less: Allowance for expected credit losses	(484,683)	(136,213)
	3,181,235	1,235,607
Other receivables	22,484	17,296
	3,203,719	1,252,903

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$484,683 (30 Jun 2018: \$136,213) in profit or loss in respect of the expected credit losses for the half-year ended 31 December 2018.

IQ3CORP LTD AND CONTROLLED ENTITIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

8. TRADE AND OTHER PAYABLES

<i>In dollars</i>	31 December 2018	30 June 2018
Trade payables	29,164	42,093
Sundry payables and accrued expenses	853,408	566,638
Related party payables	674	(135,385)
Total trade and other payables	883,246	473,346
Current	883,246	473,346
Non-current	-	-
Total trade and other payables	883,246	473,346

9. CONTRACT LIABILITIES

<i>In dollars</i>	31 December 2018	30 June 2018
Contract liabilities	1,071,464	-
	1,071,464	-

Reconciliation

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

<i>In dollars</i>	31 December 2018	30 June 2018
Opening balance	-	-
Payments received in advance	1,215,000	-
Cumulative catch-up adjustments	-	-
Transfer to revenue – included in the opening balance	-	-
Transfer to revenue – performance obligations satisfied in previous period	-	-
Transfer to revenue – other balances	(143,536)	-
Closing Balance	1,071,464	-

9. CONTRACT LIABILITIES (CONTINUED)

Yet to be satisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are yet to be satisfied at the end of the reporting period was \$1,071,464 as at 31 December 2018 (\$nil as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

<i>In dollars</i>	31 December 2018	30 June 2018
Within 6 months	287,073	-
6 to 12 months	287,073	-
12 to 18 months	287,073	-
18 to 24 months	210,245	-
	1,071,464	-

10. ISSUED CAPITAL

Share capital

	Number of shares	\$
In issue at 1 July 2017	101,816,667	6,748,281
Loyalty options convert to ordinary shares	2,108,334	632,500
Less: Loyalty option deposits paid in prior period	-	(205,000)
Transaction costs	-	8,466
In issue at 30 June 2018	103,925,001	7,184,247
Loyalty options convert to ordinary shares	-	-
Refund of transaction costs	-	(3,899)
In issue at 31 December 2018	103,925,001	7,180,348

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.

Loyalty options

There are no options outstanding as at the date of this report.

Dividends

No dividends were declared or paid by the Company for the half-year (HY18: nil).

11. EARNINGS PER SHARE (EPS)

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

<i>In dollars</i>	31 December 2018	31 December 2017
Profit for the period attributable to owners of iQ3Corp Ltd	320,357	73,920
Weighted-average number of ordinary shares at end of the period	103,925,001	102,196,858
Basic earnings per share	0.31	0.07
Diluted earnings per share	0.31	0.07

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 and performance rights were to be exercised.

12. TRANSACTIONS WITH RELATED PARTIES

(i) Parent and ultimate controlling party

iQ3Corp Ltd was the parent and ultimate controlling party of the Group throughout the half-year ended 31 December 2018.

(ii) Transactions with related parties

The Group transacted with the following related companies. Transactions with 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 its controlled entities	Subsidiaries of common ultimate parent entity
iQX Limited and its controlled entities	Common directorship and/ key management personnel

12. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

<i>In dollars</i>	31 December 2018	31 December 2017
Corporate advisory fees invoiced to related parties	2,623,166	2,948,393
Office sharing fees invoiced to related parties	302,099	489,195
Total fees invoiced to related parties	2,925,265	3,437,588
Office sharing invoices received from related parties	639,442	238,487
Consulting fees invoices received to related parties	26,712	1,544
Total costs invoices received from related parties	666,154	240,031
Trade payable accounts with related parties	(674)	(455,607)
Trade receivable accounts with related parties	3,315,133	2,036,052
Net trade receivable from related parties	3,314,459	1,580,445

13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

<i>In dollars</i>	31 December 2018	31 December 2017
Cash flows from operating activities		
Profit for the period	320,357	73,920
Adjustments for:		
Depreciation	10,891	27,041
Share of loss from associated companies	(403,958)	34,511
	(72,710)	135,472
Changes in:		
Trade and other receivables	(1,950,816)	(1,402,400)
Prepayments	(28,517)	42,351
Trade and other payables	401,331	1,138,697
Deferred revenue	1,071,464	-
Employee benefits	267,124	201,657
	(239,414)	(19,695)
Net cash used in operating activities	(312,124)	115,777

14. SUBSEQUENT EVENTS

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

1. In the opinion of the Board of Directors of iQ3Corp Ltd ("the Company"):
 - a. the interim consolidated financial statements and notes that are set out on pages 4 to 17 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 half-year ended financial period 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 half-year financial period ended 31 December 2018. 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.



Peter Coolentianos

Chair

Sydney

26 February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IQ3CORP LIMITED AND CONTROLLED ENTITIES

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year consolidated financial report of IQ3Corp Limited, which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration for IQ3Corp Limited.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated financial position of the company as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

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, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2018 and its consolidated financial 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 the Company, 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 could 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*.

Vincent's Audit Pty Ltd

Phillip Miller CA
Director

Address: Level 2, 14 Moore Street, Canberra ACT 2601

Dated: 26 February 2019

CORPORATE DIRECTORY

ACN

160 238 282

Directors

Peter Coolentianos, *Chair*

Kosmas Dimitriou

Jimena Hurtado

Company secretary

Gerardo Incollingo

Chief Executive Officer

Dr George Syrmalis

Registered office

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Principal place of business

Level 9, 85 Castlereagh Street

Sydney, NSW 2000

Share register

Boardroom Pty Limited

Level 12, 225 George Street

Sydney NSW 2000

Auditors

Vincents Audit Pty Ltd

Level 2, 14 Moore Street,

Canberra ACT 2601

Stock exchange listings

IQ3Corp Ltd shares are listed on the Australian Securities Exchange (ASX:IQ3).

Website address

www.iQ3Corp.com