

FORM: Half yearly/preliminary final report

Name of issuer

IQNOVATE LTD

ACN or ARBN

26 149 731 644

Half yearly
(tick)

✓

Preliminary
final (tick)

✓

Half year/financial year ended
('Current period')

01/07/2013 – 31/12/2013

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A,000
Revenue (item 1.1)	up/down	540 %	To	454
Profit (loss) for the period (item 1.9)	up/down	188%	to	(667)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	188%	to	(667)
Dividends		Current period	Previous corresponding period	
Franking rate applicable:		NIL	NIL	
Final dividend (preliminary final report only)(item 10.13-10.14)		Current period	Previous corresponding period	
Amount per security		NIL	NIL	
Franked amount per security				
Interim dividend (Half yearly report only) (item 10.11 – 10.12)		Current period	Previous corresponding period	
Amount per security		NIL	NIL	
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

REFER NOTE 6 OF FINANCIAL STATEMENTS

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

REFER NOTE 3 OF FINANCIAL STATEMENTS

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. (as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year (as per paragraph 16(d) of AASB 134: Interim Financial Reporting)

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report (as per paragraph 16(j) of AASB 134: Interim Financial Reporting)

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence (as per paragraph 16(c) of AASB 134: Interim Financial Reporting)

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

N/A

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place	N/A
Date	N/A
Time	N/A
Approximate date the annual report will be available	N/A

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- The financial statements have been audited.
- The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- The financial statements are in the process of being audited or subject to review.
- The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/~~does not have~~* (*delete one*) a formally constituted audit committee.



Sign here:
(~~Director~~/Company secretary)

Date: 14 March 2014.....

Print name: ..Spiro Sakiris.....



**IQNOVATE LIMITED
A.B.N. 26 149 731 644**

**FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2013**

IQNOVATE LIMITED
A.B.N. 26 149 731 644
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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IQNOVATE LIMITED
A.B.N. 26 149 731 644
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2013.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Dr George Syrmalis
Mr Con Tsigounis
Mr Peter Buchanan Simpson
Mr William Economos

Principal Activities

The principal activities of Iqnovate Limited during the half-year were to provide global contract scientific services to the Biopharmaceutical Industry.

Review of operations by G Syrmalis CEO

The loss from ordinary activities for the half-year ended 31 December 2013 amounted to \$667,333.

2013 was a solid 6 months for Iqnovate. We positioned the company for long-term growth, and continued to fulfil our mission to develop our infrastructure for innovative scientific IP. Our performance in 2013 reflects strength across our service portfolio, effective commercial execution, commitment to operational efficiency, dedication of staff, and sound capital allocation decisions. Building on this, we entered 2014 with momentum and confidence in our ability to execute our long-term strategy of bridging science with business.

The architecture of our enterprise, which we have been preparing for the past 2 years, is based on the following 7 pillars

- Delivery for Shareholders
- Continued Scientific Momentum
- Development of Emerging Late-Stage Pipeline IP on compounds or technology platforms
- Greater Combined Value through Acquisitions and Partnerships
- Transforming Biologics Clinical Development
- Capitalisation on a Growing Biosimilars Market
- Momentum in Global Expansion through exposure to overseas investors

IQNOVATE LIMITED
A.B.N. 26 149 731 644
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REPORT

Rounding of Amounts

The company has applied the relief available to it in ASIC Class Order 98/100 and accordingly, certain amounts in the financial report and director's report have been rounded to the nearest \$1.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 3.

Signed in accordance with a resolution of the Board of Directors:



Dr George Syrmalis

Director:



Mr Con Tsigounis

Director:

Dated 14th March 2014

Safe Harbor Statement (Re: USA)

Any statements in this document that relate to the Company's expectations are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act. The Private Securities Litigation Reform Act of 1995 (PSLRA) implemented several significant substantive changes affecting certain cases brought under the federal securities laws, including changes related to pleading, discovery, liability, class representation and awards fees. Since this information may involve risks and uncertainties and are subject to change at any time, the Company's actual results may differ materially from expected results. Additional risks associated with IQnovate's business can be found in its periodic filings with the National Stock Exchange of Australia.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IQNOVATE LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 14 March 2014

IQNOVATE LIMITED
A.B.N. 26 149 731 644

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	6 months 31.12.2013 \$	6 months 31.12.2012 \$
Revenue	2	454,746	84,035
Administration expenses		(252,855)	(175,913)
Employee benefits expenses		(605,347)	(356,527)
Depreciation, amortisation and impairments		(10,993)	(6,989)
IPO related expenditure		(88,120)	(16,360)
Other expenses		(164,764)	(32,015)
Profit (Loss) before income tax		<u>(667,333)</u>	<u>(503,769)</u>
Income tax expense	3	<u>-</u>	<u>150,412</u>
Profit (Loss) for the period		(667,333)	(353,357)
Other comprehensive income			
Net gain on revaluation of land and buildings			
Share of other comprehensive income of associates and joint ventures			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(667,333)</u>	<u>(353,357)</u>
Total comprehensive income attributable to members of the entity		(667,333)	(353,357)
Earnings per share			
Basic and diluted loss per share		<u>(0.01)</u>	<u>(0.01)</u>

The accompanying notes form part of these financial statements.

IQNOVATE LIMITED
A.B.N. 26 149 731 644

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31.12.2013 \$	30.06.2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		781,081	1,356,020
Trade and other receivables		5,090	13,460
Other assets		133,474	18,673
TOTAL CURRENT ASSETS		<u>919,645</u>	<u>1,388,153</u>
NON-CURRENT ASSETS			
Property, plant and equipment		148,465	131,459
Deferred tax asset		877,276	877,276
Other assets		64,445	64,445
TOTAL NON-CURRENT ASSETS		<u>1,090,186</u>	<u>1,073,180</u>
TOTAL ASSETS		<u>2,009,831</u>	<u>2,461,333</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		184,608	146,276
Other liabilities	5	20,000	-
TOTAL CURRENT LIABILITIES		<u>204,608</u>	<u>146,276</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>204,608</u>	<u>146,276</u>
NET ASSETS (LIABILITIES)		<u>1,805,223</u>	<u>2,315,057</u>
EQUITY			
Issued capital		4,015,304	3,857,804
Reserves		24,765	24,765
Retained earnings (Accumulated losses)		(2,234,846)	(1,567,512)
TOTAL EQUITY		<u>1,805,223</u>	<u>2,315,057</u>

The accompanying notes form part of these financial statements.

IQNOVATE LIMITED
A.B.N. 26 149 731 644

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Half-year ended 31.12.2013	Ordinary Shares \$	Options Reserves \$	Accumulated Losses \$	Total \$
Balance at the beginning of the period	3,857,804	24,765	(1,567,513)	2,315,056
Shares issued during the period	157,500	-	-	157,500
Recognised value of options granted	-	-	-	-
Losses for the period attributable to members of the entity	-	-	(667,333)	(667,333)
Share issue transaction cost	-	-	-	-
Balance at the end of the period	4,015,304	24,765	(2,234,846)	1,805,223

Half-year ended 31.12.2012	Ordinary Shares \$	Options Reserves \$	Accumulated Losses \$	Total \$
Balance at the beginning of the period	1,999,840	24,765	(819,372)	1,205,233
Shares issued during the period	-	-	-	-
Recognised value of options granted	-	-	-	-
Losses for the period attributable to members of the entity	-	-	(353,357)	(353,357)
Share issue transaction cost	(4,299)	-	-	(4,299)
Balance at the end of the period	1,995,541	24,765	(1,172,729)	847,577

The accompanying notes form part of these financial statements.

IQNOVATE LIMITED
A.B.N. 26 149 731 644

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31.12.2013	31.12.2012
	\$	\$
Cash from operating activities:		
Receipts Received	454,746	-
Payments to suppliers and employees	(1,180,695)	(510,220)
Interest received	-	4,035
Net cash used in operating activities	(725,949)	(506,185)
Cash flows from investing activities:		
Payment for acquisition of property, plant and equipment	(28,000)	(74,568)
Net cash used in investing activities	(28,000)	(74,568)
Cash flows from financing activities:		
Proceeds of short-term borrowings	1,511	(4,299)
Proceeds from issuance of shares	157,500	-
Proceeds from Private Placement (to be allotted)	20,000	1,208,500
Net cash (used in) / provided by financing activities	179,011	1,204,201
Net decrease in cash held	(574,938)	623,448
Cash and cash equivalents at the beginning	1,356,019	652,221
Cash and cash equivalents at the end	781,081	1,275,669

IQNOVATE LIMITED
A.B.N. 26 149 731 644

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: Basis of Preparation

This general purpose financial statement for the interim half-year reporting period ended 31 December 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Iqnovate Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013 and any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

NOTE 2: Profit for the Period

(a) Revenue

	Half-year ended	
	31.12.2013	31.12.2012
	\$	\$
Provision of services	353,374	80,000
Interest received	-	4,035
Reimbursement	101,372	
Total Revenue	454,746	84,035

IQNOVATE LIMITED
A.B.N. 26 149 731 644

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

(b) Related Party Transactions

Included in revenue were the following

- (i) Transactions with entities with joint control or significant influence over the company
 - Recovery of costs in relation to the use of shared facilities and
 - Fees charged for services rendered in relation to capital raising activities of \$454,745

These transactions are considered to be made on terms equivalent to those that would have been made on an arm's length basis

- (ii) Transactions with key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half year, cash bonus's totalling \$150,000 were paid to the directors for successfully meeting the objective set by the company.

NOTE 3: Income Tax

Current and Deferred Tax Assets have been recognised in accordance with AASB 112: Income Taxes for the periods to 30 June 2013. In accordance with AASB 112, upon review of the deferred tax asset, it has been decided not to recognise further increases in the tax asset value until realisation of the existing tax asset has commenced.

NOTE 4: Dividends

No dividends were paid or declared since the start of the half-year. No recommendation for payment of dividends has been made.

NOTE 5: Other Liabilities

	31.12.2013	30.06.2013
	\$	\$
Funds held from proceeds of options being exercised, shares yet to be allotted	20,000	-

IQNOVATE LIMITED
A.B.N. 26 149 731 644

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 6: Seasonal and Cyclical Factors

The following represent seasonal or cyclical factors which may affect the expenses presented in the financial statements

- (i) Directors Bonus of \$150,000 which were paid during the first 6 months of the financial year and are not expected to re-occur in the last 6 months.

NOTE 7: Investments in Associates

During the period the existing investment in the following company became reclassified as an investment in an associate. This is due to the appointment of additional key management personnel in the associate.

Shares in IQnovate Ltd – at cost	\$25,982
Add / (Less) Movement in Market Value	<u>(\$9,732)</u>
	<u>\$ 16,250</u>

NOTE 8: Contingent Liabilities

The directors are not aware of any contingent liabilities or contingent assets as at half-year ended 31 December 2013.

NOTE 9: Operating Segments

The company operates in one segment in Australia being to provide global contract scientific services to the Biopharmaceutical Industry.

IQNOVATE LIMITED
A.B.N. 26 149 731 644

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

The directors of the company declare that:

1. The financial statements and notes for the half year ended 31 December 2013, as set out on pages 4 to 10, are in accordance with the *Corporations Act 2001* including that:
 - (a) the financial statement complies with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) the financial statement gives a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Dr George Syrmalis

Director:



Mr Con Tsigounis

Director:

Dated 14th March 2014

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF IQNOVATE LIMITED**

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Iqnovate Limited, which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors 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 the Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim 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 entity's financial position as at 31 December 2013 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 Iqnovate 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.

Independence

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

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF IQNOVATE LIMITED**

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 Iqnovate Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 14 March 2014