Kyckr Limited

ABN 38 609 323 257

Appendix 4D Interim Financial Report

For the half-year ended 31 December 2016

ASX/Media Release (ASX: KYK)

28 February 2017

Appendix 4D Interim Financial Report

Results for Announcement to the Market

Current Reporting Period – Half-year Ended 31 December 2016

Previous Reporting Period – Half-year Ended 31 December 2015

Revenues	Up	100%	to	$579,022
Loss after tax attributable to members	Up	3,885%	To	($1,924,171)
Net loss for the period attributable to members	Up	3,885%	to	($1,924,171)

Dividends (Distribution)	**Amount per Security**	**Franked Amount per Security**
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)		n/a

Net Tangible Assets per Share (cents)

As at 31 December 2016 – 1.11

As at 31 December 2015 – 3.91

Explanation of the above information:

On 1 September 2016, the Company acquired Kyckr Ireland Limited (formerly Global Business Register Limited) for consideration of 46,297,500 fully paid ordinary shares, and 13,000,000 performance shares. Kyckr Ireland Limited contributed $579,022 and ($325,767) to the Group's revenues and loss respectively, from the date of the acquisition to 31 December 2016.

For further information on the results for the half-year ended 31 December 2016, please refer to the Directors Report.

Kyckr Limited
ABN 38 609 323 257

Contents

For the half-year ended 31 December 2016

The Directors of Kyckr Limited ('Kyckr') present their Report together with the financial statements of the Consolidated Entity, being Kyckr Limited ('the Company') and its Controlled Entities ('the Group') for the half-year ended 31 December 2016.

Directors' details

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

Mr John Van Der Wielen (appointed 8 September 2016)
Mr David Cassidy
Mr Benjamin Cronin
Mr Robert Leslie
Mr Albert YL Wong
Mr John Walsh
Mr Patrick Curry (appointed 27 October 2016)

Principal activities

The principal activity of the Company during the financial period includes the provision of commercially proven Know Your Business customer (KYB) services accessing the most legally compliant information from over 180 business registers globally.

Following the acquisition of Kyckr Ireland Limited (formerly Global Business Register Limited), the principal activities changed from that of a non-trading entity to performing KYB services.

Review of operations and financial results

Key highlights and significant events for the reporting period included:

- Acquisition of Kyckr Ireland Limited
- Admission to the Australian Securities Exchange, raising $5.2 million in the Initial Public Offering
- Secured major global bank Citigroup as a new customer

Revenue for the reporting period was $579,022, including four months of contribution from Kyckr Ireland Limited.

Had the acquisition occurred on 1 July 2016, the Group's revenue for the period to 31 December 2016 would have been $766,437.

The Company continues to develop its blockchain capabilities where we have built an agnostic platform to deliver Corporate Identities, to date built on BitCoin, Ethereum and Credits platforms. This capability has been recognised globally where Kyckr have won prizes at three events against global peers.

John Van Der Wielen and Patrick Curry joined the board as non-executive directors during the period. John Van Der Wielen is on the board of a number of international financial institutions and an advisor to the Blackstone Group. John was appointed to the position of Chairman of Kyckr Limited. Patrick Curry is an international influencer in blockchain, identity management and cybersecurity technologies and his work includes regulations, standards and implementations for government and industry bodies internationally. He is also an advisor to Interpol and the European Commission.

During the period, the company issued 46,297,500 fully paid ordinary shares, and 13,000,000 performance shares to the vendors of Kyckr Ireland Limited (formerly Global Business Register Limited) for the acquisition of 100% of the issued capital of the company.

On 1 September 2016, the company issued 25,962,186 fully paid ordinary shares to shareholders, raising $5.2 million, and on 7 September 2016, the company was admitted to the Australian Securities Exchange.

4,000,000 unlisted broker options exercisable at $0.20 expiring 1 September 2020 were granted in accordance with the terms detailed in the Prospectus forming part of the Initial Public Offering on the Australian Securities Exchange.

Review of operations and financial results (continued)

4,000,000 unlisted options exercisable at $0.30 expiring 1 September 2020 and 7,000,000 performance rights expiring 1 September 2020 were granted to certain Directors and Key Management Personnel in accordance with the terms detailed in the Prospectus forming part of the Initial Public Offering on the Australian Securities Exchange.

2,000,000 unlisted options exercisable at $0.30 expiring 30 November 2020 were granted to employees under the terms of the Long Term Incentive Plan approved by shareholders at the Annual General Meeting held on 30 November 2016. Vesting of these options are conditional on continued employment until 30 November 2018.

In addition, 3,000,000 unlisted options, exercisable at $0.30 and expiring 30 November 2020, were granted to two Non-Executive Directors based on shareholder approval at the Annual General Meeting held on 30 November 2016.

The share-based payments expense incurred in the reporting period was $755,461. The loss from continuing operations for the period would have been $1,168,710 after deducting this expense.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 has been received and can be found on page 3.

Signed in accordance with a resolution of the Board of Directors

Robert Leslie

Director: David Cassidy

Director: Robert Leslie

Dated this 28th day of February 2017

To the Board of Directors of Kyckr Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Kyckr Limited for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

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

Yours sincerely,

Nexia

Nexia Sydney Partnership

Lester Wills

Partner

Date: 28 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KYCKR LIMITED

We have reviewed the accompanying half-year financial report of Kyckr Limited (the 'Company') and Consolidated Entities (the 'Group'), which comprises the consolidated statement of financial position as at 31 December 2016 the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half year's 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 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 Kyckr 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Kyckr Limited.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KYCKR LIMITED

(CONT'D)

Conclusion

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and

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

Nexia

Nexia Sydney Partnership

Lester Wills
Partner

Dated: 28 February 2017

Sydney

in the directors' opinion:

(a) the consolidated financial statements and notes set out on pages 7 to 21 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; 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.

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

On behalf of the directors

John Van Der Wielen
Chairman
Kyckr Limited
28 February 2017

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2016

	Note	31 December 2016 $	16 November to 31 December 2015 $
Revenue from continuing operations			
Sale of goods and services		579,022	-
Expenses			
Cost of sale of goods		(171,614)	-
Operations and administration	**17**	(2,055,524)	(49,644)
Foreign exchange losses		(25,917)	-
Costs associated with acquisitions		(80,286)	-
IPO related expenses		(146,421)	-
Earnings before interest, taxes, depreciation and amortisation		**(1,900,740)**	**(49,644)**
Depreciation and amortisation expenses		(21,531)	-
Finance income		11,722	1,359
Finance costs		(13,622)	-
Loss before income tax		**(1,924,171)**	**(48,285)**
Income tax (expense)/benefit		-	-
Loss from continuing operations		**(1,924,171)**	**(48,285)**
Loss attributable to			
Owners of Kyckr Limited		(1,924,171)	(48,285)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign subsidiaries		8,927	-
Total comprehensive loss for the period		**(1,915,244)**	**(48,285)**
Loss for the year is attributable to			
Owners of Kyckr Limited		**(1,924,171)**	**(48,285)**
Total comprehensive loss for the year is attributable to			
Owners of Kyckr Limited		**(1,915,244)**	**(48,285)**
Basic loss per share	**10**	(2.52)	(0.19)
Diluted loss per share	**10**	(2.52)	(0.19)

The notes on pages 11 to 21 are an integral part of these financial statements

Kyckr Limited ABN 38 609 323 257
Consolidated statement of financial position

As at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
Assets			
Cash and cash equivalents		3,783,298	266,943
Trade and other receivables		465,490	-
Financial assets	**7**	-	188,346
Other assets		-	201,015
Total current assets		**4,248,788**	**656,304**
Plant and equipment	**9**	21,303	-
Financial assets	**7**	-	161,439
Intangible assets	**8**	12,338,017	-
Total non-current assets		**12,359,320**	**161,439**
Total assets		**16,608,108**	**817,743**
Liabilities			
Trade and other payables		487,261	146,585
Deferred income		107,523	-
Employee benefits		13,463	-
Total current liabilities		**608,247**	**146,585**
Deferred consideration	**5(i)**	2,538,036	**-**
Total non-current liabilities		**2,538,036**	**-**
Total liabilities		**3,146,283**	**146,585**
Net assets		**13,461,825**	**671,158**
Equity			
Share capital	**11**	14,865,097	1,402,966
Reserves		1,252,707	-
Accumulated losses		(2,655,979)	(731,808)
Total equity attributable to equity holders of the Company		**13,461,825**	**671,158**

The notes on pages 11 to 21 are an integral part of these financial statements

Consolidated statement of changes in equity

For the half-year ended 31 December 2016

	Note	Share capital	Reserves	Retained earnings	Total
Balance at 1 July 2015		**-**	**-**	**-**	**-**
Total comprehensive income					
Profit or loss		-	-	(48,285)	(48,285)
Other comprehensive income		-	-	-	-
Total comprehensive income		**-**	**-**	**(48,285)**	**(48,285)**
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	**11**	1,501,966	-	-	1,501,966
Share issue costs	**11**	(99,000)	-	-	(99,000)
Total contributions and distributions		**1,402,966**	**-**	**-**	**1,402,966**
Balance at 31 December 2015		**1,402,966**	**-**	**(48,285)**	**1,354,681**
Balance at 1 July 2016		**1,402,966**	**-**	**(731,808)**	**671,158**
Total comprehensive income					
Profit or loss		-	-	(1,924,171)	(1,924,171)
Other comprehensive income		-	8,927	-	8,927
Total comprehensive income		**-**	**8,927**	**(1,924,171)**	**(1,915,244)**
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	**11**	14,451,937	-	-	14,451,937
Share cancellation	**11**	(591)	-	-	(591)
Share issue costs	**11**	(989,215)	488,319	-	(500,896)
Share based payments	**13**	-	755,461	-	755,461
Total contributions and distributions		**13,462,131**	**1,243,780**	**-**	**14,705,911**
Balance at 31 December 2016		**14,865,097**	**1,252,707**	**(2,655,979)**	**13,461,825**

The notes on pages 11 to 21 are an integral part of these financial statements

Kyckr Limited ABN 38 609 323 257
Consolidated statement of cash flows

For the period ended 30 June 2016

	Note	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
Receipts from customers		463,854	-
Cash paid to suppliers and employees		(1,639,067)	(48,810)
Interest received		11,722	1,024
Income taxes paid		-	(500)
Net cash from operating activities		**(1,163,491)**	**(48,286)**
Cash flows from investing activities			
Payments for plant and equipment		(10,005)	-
Payment for investment in subsidiary, net of cash acquired	**5**	50,525	-
Convertible notes provided		-	(191,456)
Net cash from/(used in) investing activities		**40,520**	**(191,456)**
Cash flow from financing activities			
Proceeds from issue of share capital		5,192,437	1,501,260
Share buyback		(591)	
Repayment of borrowings		(190,254)	-
Transaction costs related to issue of shares		(349,904)	(99,000)
Net cash from/(used in) financing activities		**4,651,688**	**1,402,260**
Net increase in cash and cash equivalents		**3,528,717**	**1,162,518**
Cash and cash equivalents at the beginning of the period		**266,943**	**-**
Effect of movements in exchange rates on cash held		(12,362)	-
Cash and cash equivalents at end of period		**3,783,298**	**1,162,518**

The notes on pages 11 to 21 are an integral part of these financial statements.

Index to notes to the financial statements

1. Nature of operations

Kyckr Limited and Subsidiaries' (the "Group") principal activities include the provision of commercial proven Know Your Business customer (KYB) services using the most legally compliant information from over 180 business registers globally.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2016 and are presented in Australian Dollar ($AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements for the year ended 30 June 2016, which are available on the Company's website, and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 28 February 2017.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

4. Estimates

Share based payments

During the half-year the Group executed a number of share based payments, which are detailed in Note 13. The Group has utilised the Black-Scholes option pricing model with consideration of the following inputs:

- Risk free rate – has been determined by reference to government bond rates with matching timeframes for the estimated time until the option is exercisable;
- Volatility – has been determined by reference to similar ASX listed entities that have a longer trading history.

Contingent Consideration

During the half year the Group executed an agreement to purchase 100% of Kyckr Ireland Limited. The key terms of the agreement are disclosed in Note 5. Determination of the recognition as a financial liability or as an equity instrument was given to the treatment of the contingent consideration. It was determined that the contingent consideration met the requirements of a financial liability due to the performance conditions being reliant on one another and therefore will result in a variable number of shares being issued. It has also been estimated that the performance targets have a 100% probability of being achieved.

Determination of the acquirer

Determination of the acquirer in accordance with AASB 3 Business Combinations was considered. The initial public offering and acquisition of Kyckr Ireland Limited are inextricably linked and are therefore considered in conjunction with one another. Considering all the facts and circumstances of the arrangement, it was determined that the acquisition was not a reverse takeover and the acquirer was Kyckr Limited.

5. Business Combination

On 1 September 2016, the Company acquired 97.59% of the issued share capital and voting rights of Kyckr Ireland Limited (formerly Global Business Register Limited), a Company based in Ireland, followed by the remaining 2.41% of the issued share capital and voting rights on 23 November 2016. The objective of the acquisition is to invest in business development and other resources in order to realise the Company's Know Your Business customer (KYB) service capabilities.

Details of the business combination are as follows

	2016 $
Fair value of consideration transferred	
Amount settled in equity	9,259,500
Deferred consideration	2,525,711
Fair value of consideration transferred	**11,785,211**
Recognised amounts of identifiable net assets	
Plant and equipment	13,767
Intangible assets	109,239
Total non-current assets	**123,006**
Trade and other receivables	291,680
Cash and cash equivalents	50,525
Total current assets	**342,205**
Borrowings	531,500
Total non-current liabilities	**531,500**
Deferred revenue	145,570
Trade and other payables	252,869
Total current liabilities	**398,439**
Identifiable net assets	**(464,728)**
Goodwill on acquisition	**12,249,939**
Consideration transferred settled in cash	-
Cash and cash equivalents acquired	50,525
Net cash flow on acquisition	**50,525**
Acquisition costs charged to expenses	(80,286)
Net cash paid relating to the acquisition	**(29,761)**

(i) Consideration transferred

46,297,500 fully paid ordinary shares were issued to the vendors of Kyckr Ireland Limited in consideration for the acquisition. In addition, 13,000,000 Performance Shares were issued and will convert to fully paid ordinary shares on a one-for-one basis upon meeting the following vesting conditions:

- 50% of the Performance Shares automatically convert upon the Company achieving a turnover of $5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and

5. Business combination (continued)

- 50% of the Performance Shares automatically convert upon the Company achieving a turnover of $10 million or more as set out in its yearly or half-yearly financial statements released to the ASX.

As the deferred consideration vests no earlier than two years from the date of issue, the amount has been discounted by the two-year government bond rate of 1.46% p.a. The finance costs incurred during the period with respect to the unwinding of the discount was $12,325 and is included in finance costs, which in addition to the $2,525,711 gives a balance at 31 December 2016 of $2,538,036. The Performance Shares expire four years from the date of acquisition in the event that the above vesting conditions are not met.

Acquisition-related costs amounting to $80,286 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

(ii) Identifiable net assets

The fair values of the identifiable intangible assets have been determined provisionally at 31 December 2016. The Group is currently obtaining the information necessarily to finalise its valuation.

The fair value of the trade and other receivables acquired as part of the business combination amounted to $291,680, with a gross contractual amount of $321,354. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to $29,674.

(iii) Goodwill

The goodwill that arose on the combination can be attributed to the synergies expected to be derived from the combination and the value of the workforce and industry relationships of Kyckr Ireland Limited which cannot be recognised as an intangible asset. The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

(iv) Kyckr Ireland's contribution to the Group's results

Kyckr Ireland Limited contributed $579,022 and ($325,767) to the Group's revenues and loss respectively, from the date of the acquisition to 31 December 2016. Had the acquisition occurred on 1 July 2016, the Group's revenue for the period to 31 December 2016 would have been $766,437 and the Group's loss for the period would have been ($2,418,130).

6. Segment reporting

The operating segment identified is based on the internal reports that are reviewed and used by the Directors of the Board (who are identified as the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis. The Group operates in one operating segment, being the provision of Know Your Business customer (KYB) services.

7. Financial assets

	31 December 2016 $	30 June 2016 $
Convertible note	-	349,785
Total financial assets	**-**	**349,785**
Current	**-**	**188,346**
Non-current	**-**	**161,439**

7. Financial assets (continued)

The convertible note was issued to Kyckr Ireland Limited (formally Global Business Register Limited) (the borrower) prior to the acquisition of the entity. Subsequent to the acquisition of Kyckr Ireland Limited, the convertible note has been terminated and converted into an intercompany loan which has been eliminated for consolidation purposes.

8. Intangible assets

	Goodwill $	Computer Software & Development $	Total $
Gross carrying amount			
Balance at 1 July 2016	-	-	-
Acquisition through business combination	12,249,939	109,239	12,359,178
Net exchange differences	-	(2,098)	(2,098)
Balance at 31 December 2016	**12,249,939**	**107,141**	**12,357,080**
Amortisation and impairment			
Balance at 1 July 2016	-	-	-
Amortisation	-	(19,063)	(19,063)
Net exchange differences	-	-	-
Balance at 31 December 2016	**-**	**(19,063)**	**(19,063)**
Carrying amount at 31 December 2016	**12,249,939**	**88,078**	**12,338,017**

9. Plant and equipment

	Computer equipment $	Total $
Gross carrying amount		
Balance at 1 July 2016	-	-
Additions	10,270	10,270
Acquisition through business combination	13,767	13,767
Net exchange differences	(264)	(264)
Balance at 31 December 2016	**23,773**	**23,773**
Depreciation and impairment		
Balance at 1 July 2016	-	-
Deprecation	(2,470)	(2,470)
Net exchange differences	-	-
Balance at 31 December 2016	**(2,470)**	**(2,470)**
Carrying amount at 31 December 2016	**21,303**	**21,303**

10. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Kyckr Limited as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 31 December 2016 and 31 December 2015.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Six (6) months to 31 December 2016 $	16 November to 31 December 2015 $
Loss after income tax	(1,924,171)	(48,255)
Loss after income tax attributable to the owners of the Company	**(1,924,171)**	**(48,255)**
	Number	Number
Weighted average number of shares used in calculating basis earnings per share	76,471,114	25,282,052
Weighted average number of shares used in calculating diluted earnings per share	76,471,114	25,282,052
	Cents	Cents
Basic loss per share	(2.52)	(0.19)
Diluted loss per share	(2.52)	(0.19)

11. Share capital

On 1 July 2016, 5,912,885 fully paid ordinary shares were subject to a selective capital reduction.

On 1 September 2016, 45,278,873 fully paid ordinary shares were issued to the vendors of Kyckr Ireland Limited (formally Global Business Register Limited) for 97.59% of the company.

The company was admitted to the Australian Securities Exchange on 7 September 2016, 25,962,186 fully paid ordinary shares being issued to shareholders, raising $5.2 million.

On 23 November 2016, 1,018,627 fully paid ordinary shares were issued to the vendors of Kyckr Ireland Limited for the remaining 2.41% of the company.

11. Share capital (continued)

Shares issued are summarised as follows:

	Six (6) months to 31 December 2016		Year to 30 June 2016	
	No. of shares	$	No. of shares	$
Shares issued and fully paid				
Beginning of period	34,615,385	1,402,966	-	-
Share issue	25,962,186	5,192,437	34,615,385	1,501,966
Shares issued on acquisition of Kyckr Ireland Limited	46,297,500	9,259,500	-	-
Share cancellation	(5,912,885)	(591)	-	-
Capital raising costs	-	(989,215)	-	(99,000)
On issue at the end of the period	**100,962,186**	**14,865,097**	**34,615,385**	**1,402,966**

12. Dividends

No dividends were declared or paid by the Company during or since the end of the half-year financial period.

13. Share-based payments

On 1 September 2016, 4,000,000 unlisted options were granted to brokers associated with the Initial Public Offering (IPO) of the company. The exercise price of the options of $0.20 was equal to the IPO price. The fair value at grant date is estimated using a Black-Scholes pricing model. The contractual life of each option is four years. The fair value of the options granted was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	83.80%
Risk-free interest rate (%)	1.56%
Expected life of share options (years)	4 years
Share price at grant date	$0.20

On 1 September 2016, 4,000,000 unlisted options were granted to Key Management Personnel. The exercise price of the options of $0.30 was 50% higher than the Initial Public Offering price. The options are exercisable upon meeting certain revenue targets within four years from the date of grant. The fair value at grant date is estimated using a Black-Scholes pricing model. The contractual life of each option is four years. The fair value of the options granted was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	83.80%
Risk-free interest rate (%)	1.56%
Expected life of share options (years)	4 years
Share price at grant date	$0.20

13. Share-based payments (continued)

On 1 September 2016, 7,000,000 performance rights were granted to certain Directors and Key Management Personnel. The performance rights are exercisable at Nil value. The performance rights vest upon meeting the following conditions:

- 50% of the performance rights automatically convert upon the Company achieving a turnover of $5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and
- 50% of the Performance rights automatically convert upon the Company achieving a turnover of $10 million or more as set out in its yearly or half-yearly financial statements released to the ASX.

The fair value at grant date is estimated using a Black-Scholes pricing model. The contractual life of each performance right is four years. The fair value of the performance rights granted was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	83.80%
Risk-free interest rate (%)	1.56%
Expected life of performance rights (years)	4 years
Share price at grant date	$0.20

On 30 November 2016, 2,000,000 unlisted options exercisable at $0.30 were granted to senior executives under the Long Term Incentive Plan approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 22.45% higher than market price of the shares on the date of grant. The vesting of these options is conditional on continued employment until the vesting date, being two years from grant date. The fair value at grant date is estimated using a Black-Scholes pricing model. The contractual life of each option is four years. The fair value of the options granted was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	82.77%
Risk-free interest rate (%)	1.91%
Expected life of share options (years)	4 years
Share price at grant date	$0.245

On 30 November 2016, 3,000,000 unlisted options exercisable at $0.30 were granted to non-executive directors as approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 22.45% higher than market price of the shares on the date of grant. Details of the vesting of these options are detailed below:

Non-Executive Director	John Van Der Wielen	Patrick Curry
Number of options granted	2,000,000	1,000,000
Vesting dates	50% vest immediately	33.33% vest immediately
	50% vest 1 November 2017	33.33% vest 1 November 2017
		33.34% vest 1 November 2018

13. Share-based payments (continued)

The fair value at grant date is estimated using a Black-Scholes pricing model. The contractual life of each option is four years. The fair value of the options granted was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Nil
Expected volatility (%)	82.77%
Risk-free interest rate (%)	1.91%
Expected life of share options (years)	4 years
Share price at grant date	$0.245

For the six months ended 31 December 2016, the Group has recognised $755,461 of share-based payment expense in the statement of profit or loss (31 December 2015: $Nil).

14. Fair value measurement of financial instruments

(i) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 and 31 December 2015 on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
31 December 2016				
Liabilities				
Deferred consideration	-	-	2,538,036	2,538,036
Total	**-**	**-**	**2,538,036**	**2,538,036**
Net fair value	**-**	**-**	**2,538,036**	**2,538,036**

(i) Measurement of fair value of financial instruments

The fair value of the deferred consideration is estimated based on a probability of meeting all of the vesting conditions relating to these shares under the terms of the Share Purchase Agreement.

15. Contingent liabilities

There were no material contingent liabilities as at 31 December 2016.

16. Events after the reporting date

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the entity's operations, the results of those operations or the entity's state of affairs in future financial years.

17. Operations and administration expense

Included within operations and administration expenditure are salaries and wages expenses for $636,858 and share based payments expenses (as disclosed in Note 13) of $755,461.