

Cycliq Group Limited

ABN 47 119 749 647

(Previously known as Voyager Global Group Limited)

ANNUAL REPORT

30 June 2017

CORPORATE DIRECTORY

Current Directors

Chris Singleton	<i>Executive Chairman</i>	Appointed 29 November 2016
Piers Lewis	<i>Non-Executive Director</i>	Appointed 22 February 2016
Mike Young	<i>Non-Executive Director</i>	Appointed 9 February 2017
Cyril Daoud	<i>Non-Executive Director</i>	Appointed 17 March 2017

Company Secretary

Piers Lewis	<i>Joint Company Secretary</i>	Appointed 29 November 2016
Arron Canicaïs	<i>Joint Company Secretary</i>	Appointed 17 March 2017

Registered Office

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Telephone:	+61 (8) 6555 2950
Facsimile:	+61 (8) 6166 0261
Email:	info@cycliq.com
Website:	www.cycliq.com

Principal place of business

Address:	Level 2, 646 Newcastle Street, Leederville, WA, 6007
Email:	info@cycliq.com
Website:	www.cycliq.com

Securities Exchange

Australian Securities Exchange
ASX Code: CYQ.AX

Auditors

Bentleys	
Address:	London House Level 3, 216 St Georges Terrace, Perth WA 6000
Telephone:	+61 (8) 9226 4500
Facsimile:	+61 (8) 9226 4300
Website:	www.bentleys.com.au

Share Registry

Computershare Investor Services Pty Ltd	
Address:	Level 11, 172 St Georges Terrace, Perth WA 6000
Telephone:	+61 (3) 9415 4000
Website:	www.computershare.com/au

ANNUAL REPORT

30 June 2017

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CHAIRMAN'S REPORT

Dear Shareholders,

Over the last 12 months Cycliq has transitioned from a crowdfunded start up, to an ASX-listed tech stock. The momentum from the listing has fuelled an intense period of growth and transformation as Cycliq seeks to firm its position as the world's leading supplier of bike camera and light devices.

Cycliq's devices are now sold in almost 50 countries, with the Cycliq brand gaining a strong cult following among cyclists and other outdoor enthusiasts all over the world.

Recap of the year

In December last year, Cycliq completed a reverse takeover of Voyager Global Group, raising \$3.75 million from investors at 2 cents a share.

Since listing, we've been focused on expanding our global network of sales channels to grow our sales funnel. We've also been developing the Cycliq brand to become a globally recognised name in the cycling industry.

In Australia, our strengthening relationship with large retailers Pushys, 99 Bikes and Bikebug have underpinned the lift in Australian sales volumes. Overseas, we saw positive sales momentum from Korea, the United States and the United Kingdom. International sales now account for about 80 per cent of total revenue.

Sales volumes for Cycliq's flagship Fly6 and Fly12 devices have been on a convincing upward trajectory in the nine months following our ASX debut.

While the net sales comparison between FY2016 and FY2017 showed a slight decline, this can be attributed to two key factors:

1. The impact of Fly12 Kickstarter revenue. Cycliq's first front-facing product offering was hotly anticipated by our loyal Kickstarter backers after the success of our rear-facing Fly6 product. On the Kickstarter platform, we accumulated pre-sales prior to the product first being shipped, however, as revenue could only be recognised at the time of shipping, all Fly12 revenue was recognised in Q4 of 2016. This effectively booked over a year's worth of sales in one month, disproportionately inflating the FY2016 revenue figure.
2. In Q1 of FY2017 we experienced difficulties with our product manufacturer being unable to meet production schedules. This resulted in a 9-week period in which we were out of stock of our Fly6 product. Cycliq has since diversified our product manufacturers to avoid potential outages. We took steps to bring our product manufacture in house through the Joint Venture with Thompson and Kenneth Cheung.

In light of these factors the FY2017 result was still very positive for the company.

Over the last 9 months we have focused on 'people' and 'process' and have undergone a period of transformation as we integrated new talent and expertise across our senior management team.

Of key focus has been Cycliq's marketing strategy. We commenced the year by invigorating our established paid digital advertising and our owned social and web media channels.

This was supplemented by the engagement of management and public relations agencies to increase our earned media potential by leveraging the media's interest in our HD bike camera products.

Our combined strategic online messaging across multiple channels, has boosted Cycliq's digital equity by making Fly6[v] and Fly12 more visible online. We also saw positive results from engaging global cycling influencers such as Global Cycling Network (GCN), Chain Reaction Cycles and Bicycling.

The building of the Cycliq brand ultimately culminated in the signing of professional cyclist Caleb Ewan as a brand ambassador. This was certainly a key highlight in the year.

We also invested in market research during the year, which has been invaluable in informing the strategic direction of the company.

In the final quarter of the year, we successfully completed a capital raise which included a \$2 million placement and \$1.5 million rights issue. We will use these funds to accelerate our expansion and marketing activities into new regions.

The year ahead

Looking ahead, we will continue our focus on growing our sales funnel, in addition to building awareness in the Cycliq brand.

Sponsorship is a key pillar of our brand platform, as we leverage interest in our products through association with highly recognised cyclists and cycling brands. Through the mass media's interest in our ambassadors, and the combined power of their social media network, Cycliq can broaden our reach to a significantly increased market. This improves brand recognition and ultimately increases intention to purchase levels with our key target audiences.

Alongside the developing marketing and sales strategies, we have been diligently working on strengthening our product pipeline and are well advanced on our future product road map.

Our joint venture with Thompson & Kenneth Cheung - the founding shareholders of Glory Horse Industries Limited - will reduce the cost of new product development and the overall manufacturing costs of Cycliq products.

As you can see, we are working on every aspect of our business from manufacture, to supply chain, to sales and marketing to ensure our business is sustainable and profitable moving forward.

We are laying the foundation for the future by ensuring we have the capacity and capability to deliver on our growth strategy.


Concluding remarks

I have been incredibly proud of the progress that we have made in our first year as a listed company. I would like to take this opportunity to thank our executive management team as well as our incredible team members, all of whom have worked tirelessly to make the FY2017 such a success.

Our vision is still a simple one, to make it safer for cyclists on our roads so that our loved ones return home safely from their ride. We hope you can share this vision with us as we continue on our journey.

Thank you again for your investment and interest in Cycliq. As a keen cyclist myself, I'm certainly very excited about what the future holds.

Ride safe,



Chris Singleton
Executive Chairman

DIRECTORS' REPORT

Your directors present their report on the Group, consisting of Cycliq Group Limited ("**Cycliq**" or the "**Company**") and its controlled entities (collectively the "**Group**"), for the year ended 30 June 2017.

1. Directors

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

- ▶ *Chris Singleton* *Executive Chairman - Appointed 29 November 2016*
- ▶ *Piers Lewis* *Non-Executive Director - Appointed 29 November 2016*
- ▶ *Mike Young* *Non-Executive Director - Appointed 9 February 2017*
- ▶ *Cyril Daoud* *Non-Executive Director - Appointed 17 March 2017*
- ▶ *Kingsley Fiegert* *COO & Executive Director - Appointed 29 November 2016 (resigned as director 28 April 2017)*
- ▶ *Andrew Hagen* *CEO & Managing Director - Appointed 29 November 2016 (resigned 28 April 2017)*

Directors have been in office since the start of the year to the date of this report unless otherwise stated.

2. Company Secretary

Piers Lewis	<i>Joint Company Secretary</i>	Appointed 22 February 2016
Arron Canicais	<i>Joint Company Secretary</i>	Appointed 17 March 2017

3. Principle Activities

Cycliq Group Limited ("**Cycliq**") is the number one brand in HD camera and lighting combinations, delivering cycling safety and action camera solutions for commuters, mountain bikers, racers and professional cyclists alike. Cycliq products are aimed at helping our customers around the globe to enjoy their journey safely.

4. Operating Results

The consolidated loss for the year amounted to \$4,473,286 (2016: \$1,322,215).

5. Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2017.

6. Review of Operations

A detailed review of the Group's operations is set out in the section titled "Review of Operations" in this annual report.

7. Financial Position

The net assets of the Group are \$4,757,292 at 30 June 2017 (2016: (\$1,288,058))

8. Significant Changes in State of Affairs

Cycliq Group Limited (Formerly known as Voyager Global Group Limited) (the **Company**) has experienced a significant change in the state of its affairs during the period.

The Company completed the legal acquisition of Cycliq Products Pty Ltd (Formerly Federation Enterprises (WA) Pty Ltd) on 8 December 2016.

Cycliq Products Pty Ltd (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Cycliq Group Limited (the accounting subsidiary). Accordingly, the consolidated financial statement of Cycliq Group Limited have been prepared as a continuation of the financial statements of Cycliq Products Pty Ltd. Cycliq Products Pty Ltd (as the deemed acquirer) has accounted for the acquisition of Cycliq Group Limited from 8 December 2016.

DIRECTORS' REPORT

9. Subsequent Events

Since the end of the financial year:

Deregistration of Cycliq Products Pty Ltd's wholly owned subsidiary – BSA International Limited occurred on 28 July 2017.

36,550,000 Performance Options were issued on the 24th August 2017 to key management personnel of Cycliq Group Limited. The performance options were approved for issue at the Annual General Meeting held on 30 November 2016.

There were no other significant subsequent events since reporting date.

10. Likely Developments

A detailed review of the Group's operations, including likely developments and plans, is set out in the section titled "Review of Operations" in this annual report.

11. Information Relating to the Directors and Company Secretary

Christian (Chris) Singleton – Executive Chairman

(Appointed 29 November 2016)

Executive Chairman Christian Singleton is the managing director of Minaret Capital. He has been the chairman, managing director and an executive director of numerous listed and unlisted groups and has had extensive involvement in acquisitions and divestments, structuring, capital management, capital raisings, listings, spin offs, the acquisition and divestment of assets and restructuring and turnaround strategy. Chris has more than 30 years' corporate experience in marketing and design, change management, telecommunications, technology, FMCG, resources and energy and labour hire/human capital. He has founded, developed, listed and sold businesses across those sectors. He has advised Australia's largest oil and gas company on Islamic debt issuance and worked with a number of groups on the development of their assets and corporate activity. He has advised technology, resources and energy, resources services, labour hire and ancillary services groups on M&A, capital raisings, efficiency management and general corporate matters. With a background in design, Chris has worked extensively in developing and executing 'go to market' strategies for both his own businesses and a wide variety of Australian and international groups. That included his role in the mid-2000s in charge of business marketing for one of Australia's largest mobile operators where he oversaw a complete overhaul of the marketing function and introduction of disruptive pricing.

Mr Singleton holds 2,150,000 performance options at the date of this report. Please refer to the Remuneration report for further details.

Michael (Mike) Young – Non-Executive Director

(Appointed 9 February 2017)

BSc (Hon), MAusIMM, MAIG, MSEG

Mr Young has more than 12 years' of executive and director experience including senior roles at Vimy Resources Limited, Cassini Resources Limited, BC Iron Limited and Bannerman Resources Limited. He brings valuable corporate and capital market expertise to the company. Mr Young is currently Managing Director and CEO of Vimy Resources Limited, Non-Executive Chairman of Cassini Resources Limited. In the last three years Mr Young has also held the position of Non-Executive Director at Ascot Resources Limited and Non-Executive Director of BC Iron Limited.

DIRECTORS' REPORT

Cyril Daoud – Non-Executive Director
(Appointed 17 March 2017)

Mr Daoud has 20 years' experience in the technology sector and has built most of his 20-year career in the Asia Pacific region. Having worked for multinational companies such as Technicolor, Alcatel-Lucent and Nortel, Mr Daoud is highly experienced in sales, marketing, corporate advisory and general management. Mr Daoud holds a Master in Engineering from Telecom Paris Tech in France as well as an Executive Leadership diploma from the London Business School.

Mr Daoud has not held any other public Directorships in the last three years.

Piers Lewis – Non-Executive Director and Company Secretary
(Appointed 17 March 2017)

Mr Lewis is a Chartered Accountant and Chartered Company Secretary with over 20 years' global corporate experience. Mr Lewis currently sits on the Dawine Limited board and serves as company secretary on several ASX listed companies, including Grange Resources Limited and Ultima United Ltd. Mr Lewis has also held the position of Director at Artiden Limited, Ultima United Limited and Hawkley Oil and Gas Limited in the past three years. Mr Lewis has extensive contacts within various financial institutions and broking houses within Australia and the UK. Mr Lewis holds a Bachelor of Commerce (Accounting and Finance).

Mr Lewis holds 459,157 fully paid ordinary shares at the date of this report. Please refer to the Remuneration report for further details

Kingsley Fiegert – Former COO and Executive Director (Resigned 28 April 2017)

Andrew Hagen – Former CEO and Managing Director (Resigned 28 April 2017)

12. Meetings of Directors

At the date of this Directors' Report, there are no separate committees for remuneration, audit, nomination, finance, due diligence or operations. The Directors believe that the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the Board of Directors in its entirety.

	Number Board Meetings eligible to attend	Number of Board Meetings Attended
Chris Singleton	3	3
Piers Lewis	3	3
Andrew Hagen (Resigned 28 April 2017)	3	3
Kingsley Fiegert (Resigned 28 April 2017)	3	3
Mike Young	2	1
Cyril Daoud	0	0

DIRECTORS' REPORT

13. Options

Unissued shares under option

As at 30 June 2017, there were 36,550,000 un-issued ordinary shares of Cycliq Group Limited under option (listed or unlisted). The details of the options are as follows:

	Number	Exercise Price \$	Expiry Date
Options approved at AGM	36,550,000	\$0.03	30-Nov-2019

Shares issued upon exercise of options

No ordinary shares were issued by the Company as a result of the exercise of options during the year or since the end of the year.

14. Non-Audit Services

There were no non-audit services provided during the year by the auditor.

15. Indemnifying Officers or Auditor

The Company has agreed to indemnify the directors of the Company, the directors of controlled entities and executive officers against all liabilities to other persons (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the year the Company paid insurance premiums to insure Directors and Officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

16. Environmental Issues

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

The Directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current, nor subsequent, financial year. The Directors will reassess this position as and when the need arises.

17. Corporate Governance Statement

The Group's full Corporate Governance Statement can be found on its website at the following location:

www.cycliq.com

18. Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on the following page of this annual report.

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(WA) Pty Ltd**

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Cycliq Group Limited for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001.

1. Remuneration Policy

The remuneration policy of Cycliq Group Limited has been designed to align director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Cycliq Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- ▶ All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The Board reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.
- ▶ Non-Executive Directors and Executives receive superannuation guarantee contributions as required by legislation and do not receive any other retirement benefits. All remuneration paid to Directors and executives is valued at cost and expensed. Options and performance shares given to Directors and employees are valued using Black-Scholes methodology. The Board's policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities.
- ▶ The Group has an incentive option and performance share scheme in place intended to incentivise the Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors' and executives' performance. Currently, this is facilitated through the performance share and incentive option scheme which aims to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

2. Details of Board Remuneration

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

The table on the following page details the various components of remuneration for each member of the key management personnel of the Group. The term "Key Management Personnel" (or "**KMP**") refers to those persons having authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly including any Director (whether executive or otherwise) of the Group.

As a result of the reverse acquisition of Cycliq Group Limited by Cycliq Products Pty Ltd on 8 December 2016, the disclosures contained in the table represent those calculated in accordance with AASB 124 Related Party Disclosures in combination with applying AASB 3 Business Combinations and, in particular, the reverse acquisition provisions of that standard.

The amounts disclosed for the current financial year in the table represent remuneration paid by Cycliq Products Pty Ltd (the accounting acquirer) to KMP and Directors of the accounting acquirer over the period 1 July 2016 to 8 December 2016 (the acquisition date) and remuneration paid by the consolidated Cycliq Group Limited Group following the completion of the acquisition on 8 December 2016 until 30 June 2017. This ensures that the remuneration report disclosures are calculated on a basis that is consistent with that applied in reporting the results and balances of the Group and related party disclosures in the Financial Statements under the reverse acquisition rules of AASB 3 Business Combinations.

No comparative information is disclosed as Cycliq Products Pty Ltd (accounting acquirer) was not subject to section 300A of the Corporations Act 2001 in that period.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

2017 – Consolidated Group

	Short-term benefits ⁴				Post-employment Benefits		Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Superannuation	Termination Benefits	Equity	Options/ Performance Shares	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Chris Singleton	29,167	-	-	-	-	-	-	9,312	38,479
Mike Young	15,833	-	-	-	-	-	-	-	15,833
Kingsley Fiegert	132,896	-	-	-	11,063	-	-	74,499	218,458
Andrew Hagen	139,213	-	-	-	11,663	-	-	-	150,876
Cyril Daoud	11,505	-	-	-	-	-	-	-	11,505
Piers Lewis	38,338	-	-	-	-	-	-	-	38,338
Other Current Key Management Personnel									
Terence Yap	40,000	-	-	-	-	-	-	-	40,000
John Turner	125,865	-	-	-	11,957	-	-	-	137,822
Total	532,817	-	-	-	34,683	-	-	83,811	651,311

¹ Chris Singleton was appointed Non-Executive Chairman 29 November 2016, and Executive Chairman on 28 April 2017.

² Mike Young was appointed Non-Executive Director 9 February 2017

³ Kingsley Fiegert was appointed COO and Executive Director 29 November 2016 and resigned as a director on 28 April 2017, Mr Fiegert remains employed as Chief Development Officer

⁴ Andrew Hagen was appointed CEO and Managing Director 29 November 2016 and resigned 28 April 2017

⁵ Cyril Daoud was appointed Non-Executive Director 17 March 2017

⁶ Piers Lewis was appointed Non-Executive director and joint company secretary 29 November 2016

⁷ Terence Yap was appointed Global head of sales on 1 May 2017

⁸ John Turner was appointed Chief Financial Officer on 13 October 2016, and Chief Operating Officer on 28 April 2017.

3. Service Agreements

Remuneration and other terms of employment for the following Key Management Personnel are formalised in employment agreements. The significant terms of employment at the date of this report are set out below:

Chris Singleton

Mr Singleton's current service agreement has been in place since his commencement of employment on 29 November 2016.

Other Details

Mr Singleton's remuneration comprises director's fees of \$50,000 per annum.

Mike Young

Mr Young's current service agreement has been in place since his commencement of employment on 9 February 2017.

Other Details

Mr Young's remuneration comprises director's fees of \$40,000.

Cyril Daoud

Mr Daoud's current service agreement has been in place since his commencement of employment on 17 March 2017.

Other Details

Mr Daoud's remuneration comprises director's fees of \$40,000 per annum.

Piers Lewis

Mr Lewis current service agreement has been in place since his commencement of employment on 29 November 2017.

Other Details

Mr Lewis remuneration comprises director's fees of \$40,000 per annum.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Service Agreements (Continued)

Kingsley Fiegert

Mr Fiegert was a company founder, however his current service agreement has been in place since 29 November 2016. Mr Fiegert commenced his formal employment with the Group on 29 November 2016 as Chief Operating Officer. Mr Fiegert transitioned his role to Chief Product Development Officer on the 28th of April 2017.

Notice period and Term of Agreement:

The agreement may be terminated by either the company or Mr Fiegert by giving at least 6 months notice.

Other Details

Mr Fiegert's remuneration originally comprised of a salary of \$210,000 per annum and \$40,000 per annum director's fees for the period served as director, plus superannuation guarantee contributions as required by law (currently 9.5% of gross salary). On the 28th of April 2017, Mr Fiegert stepped off the board, and transitioned roles as described above, at which time his salary was revised to \$155,251 per annum. Mr Fiegert is entitled to annual leave and long service leave as required by law.

Terence Yap

Mr Yap's current service agreement has been in place since 1 May 2017. Mr Yap commenced his employment as a contractor as Corporate General Manager and Head of Global Sales with the Group on 1 May 2017.

Notice period and Term of Agreement:

The agreement may be terminated by either the company or Mr Yap by giving at least 4 weeks notice.

Other Details

Mr Yap's remuneration comprises a contract rate of \$20,000 per month, or the equivalent of \$240,000 per annum.

John Turner

Mr Turner's current service agreement has been in place since 13 October 2016. Mr Turner commenced his employment with the Group on 13 October 2016 as Chief Financial Officer. Mr Turner added the Chief Operating Officer responsibilities to his portfolio on 28 April 2017.

Notice period and Term of Agreement:

The agreement may be terminated by either the company or Mr Turner by giving at least 4 weeks notice.

Other Details

Mr Turner's remuneration comprises a salary of \$175,000 per annum, plus superannuation guarantee contributions as required by law (currently 9.5% of gross salary). Mr Turner is entitled to annual leave and long service leave as required by law.

4. Share-based Remuneration

Performance shares

9,300,000 performance shares with a total fair value of \$3,720,000 were issued to directors of the company as part of the acquisition of Cycliq, and have been treated in accordance with Note 2 to the consolidated financial statements (refer Note2.i).

These shares have been valued in line with the Conversion of Performance Shares detailed in Note 19 to the consolidated financial statements (refer Note 19(d)). At the date of this report, the board has applied a 50% probability that the company will achieve the milestone requirements of the performance shares.

Options

36,550,000 Incentive Options were granted to the Directors of Cycliq Group Limited during the period in 4 Tranches. The following tables summarises the details of the options granted to each director on these dates and the conditions attached:

Tranche 1 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	215,000	1,720,000	1,720,000
Vesting Date	30 June 2017	Total Valuation (\$)	2,342	18,736	18,736
Expiry Date	30 November 2019	Expense recorded (\$)	2,342	-	18,376

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Share-based Remuneration (Continued)

Tranche 1 options convert upon the execution of a significant new sponsorship agreement. As at 30 June 2017 a 100% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 2 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	537,500	4,300,000	4,300,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,855	46,839	46,839
Expiry Date	30 November 2019	Expense recorded (\$)	5,855	-	46,839

Tranche 2 options convert upon the execution of a significant distribution agreement in a new territory. As at 30 June 2017 a 100% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 3 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	537,500	4,300,000	4,300,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,855	46,839	46,839
Expiry Date	30 November 2019	Expense recorded (\$)	-	-	-

Tranche 3 options convert upon the execution of a significant licensing agreement with a third party for the use of Cycliq's intellectual property or big data, delivering video for third party application or implementing cloud based shared services for Cycliq customers. As at 30 June 2017 a 0% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 4 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	860,000	6,880,000	6,880,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,762	46,096	46,096
Expiry Date	30 November 2019	Expense recorded (\$)	1,116	-	8,925

Tranche 4 options convert upon the 60 day volume weighted average price per Share as quoted on ASX (VWAP) being \$0.05. The options are being expensed over the 3 year vesting period.

Summary of all options granted as remuneration during the period				
	Chris Singleton	Andrew Hagen*	Kingsley Fiegert	Total
Total number options	2,150,000	17,200,000	17,200,000	36,550,000
Total Valuation	13,959	111,760	111,760	237,479
Total expense recorded to 30 June 2017	9,312	-	74,499	83,811

* In accordance with the terms of the performance options a 0% probability has been assigned to the likelihood of the vesting conditions being achieved whilst Andrew Hagen is an employee of the Group.

There was no other share-based remuneration made to Directors during the period.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

5. Key Management Personnel Equity Holdings

a) Fully paid ordinary shares of Cycliq Group Limited held by each Key Management Personnel

	Opening balance	Received during the year as remuneration	Other changes during the year	Consolidation of share capital	Balance at end of year
	No.	No.	No.	No.	No.
Chris Singleton	-	-	-	-	-
Mike Young	-	-	-	-	-
Kingsley Fiegert*	-	-	7,610,539	-	7,610,539
Andrew Hagen**	-	-	2,960,538	-	2,960,538
Cyril Daoud	-	-	-	-	-
Piers Lewis	-	-	459,157	-	459,157
Terence Yap	-	-	-	-	-
John Turner	-	-	-	-	-
	-	-	11,030,234	-	11,030,234

Balance at the end of the year represents Directors' interests as of their respective resignation dates. Please refer "Details of Board Remuneration", above, for resignation dates of individual Directors.

*Kingsley Fiegert holds an additional 73,834,800 ordinary shares escrowed until 8 December 2018.

**Andrew Hagen holds an additional 74,845,501 ordinary shares escrowed until 8 December 2018.

Comparative information for 2016 is not included as the accounting acquirer (Cycliq Products Pty Ltd) was not subject to the provisions of section 300A of the Corporations Act 2001 (Cth) during this period

b) Options and Performance shares in Cycliq Group Limited held by each Key Management Personnel

2017 - Group	Opening balance	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Consolidation of share capital	Balance at end of year	Vested and Exercisable
	No.	No.	No.	No.	No.	No.	No.
Chris Singleton	-	2,150,000	-	-	-	2,150,000	752,000
Mike Young	-	-	-	-	-	-	-
Kingsley Fiegert	-	17,200,000	-	4,650,000	-	21,850,000	6,020,000
Andrew Hagen	-	17,200,000	-	4,650,000	-	21,850,000	6,020,000
Cyril Daoud	-	-	-	-	-	-	-
Piers Lewis	-	-	-	-	-	-	-
Terence Yap	-	-	-	-	-	-	-
John Turner	-	-	-	-	-	-	-
	-	36,550,000	-	9,300,000	-	45,850,000	12,792,000

Comparative information for 2016 is not included as the accounting acquirer (Cycliq Products Pty Ltd) was not subject to the provisions of section 300A of the Corporations Act 2001 (Cth) during this period. Balances at end of year represents Directors' interests as of their respective resignation dates. Please refer "Details of Board Remuneration", above, for resignation dates.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

6. Other Transactions with Key Management Personnel

Equity-based Key Management Personnel Transactions

There have been no other transactions with Key Management Personnel involving equity instruments other than those detailed above.

Loans to Key Management Personnel

There were no loans made to Directors or KMP during the period or as at 30 June 2017 (2016: NIL)

Other transactions with Key Management Personnel or their Related Parties

All transactions with related parties are on commercial terms and under conditions no more favourable than those available to other parties unless otherwise stated.

Related entity:

SmallCap Corporate Pty Ltd – Corporate secretarial and accounting services

2017
\$
108,952

Toad Group Pty Ltd – Consulting services in relation to RTO transaction

27,500

Transactions with KMP

Short-term employee benefits

532,817

Post-employment benefits

34,683

Share Based Payments

83,811

Employment of Directors' spouses (Group expense)

Directors' spouses were employed within the business during the period via Bunk Marketing consulting services

141,105

END OF AUDITED REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Chris Singleton – Executive Chairman

Dated this Thursday, 31 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Note	2017 \$	2016 (restated)*\$
Continuing operations			
Revenue	3	2,282,203	2,339,255
Cost of Sales		(1,767,065)	(1,508,462)
Gross Profit		515,138	830,793
Other income	3	250,239	19,021
Administrative expenses		(464,164)	(814,330)
Distribution expenses		(686,403)	(289,381)
Depreciation and amortisation	4	(228,799)	(40,785)
Employment costs	4	(1,494,408)	(271,386)
Finance costs		(95,793)	(108,627)
Impairment		(16,134)	-
Legal and consulting fees		(82,878)	(24,792)
Occupancy costs		(54,116)	(50,749)
Other operating expenses		(503,710)	(497,681)
Share-based payments		(711,661)	-
Research and development expenses		(57,001)	(74,298)
Corporate transaction accounting expense	2(iii)	(843,596)	-
Loss before income tax		(4,473,286)	(1,322,215)
Income tax benefit / (expense)	6	-	-
Loss from continuing operations		(4,473,286)	(1,322,215)
Other comprehensive income, net of income tax			
▶ <i>Exchange difference on translating foreign operations</i>		55,490	(7,554)
Other comprehensive income for the year, net of tax		55,490	(7,554)
Total comprehensive income attributable to members of the parent entity		(4,417,796)	(1,329,769)
Earnings per share (Cents)			
Basic and diluted loss per share (cents)	7	(1.28)	(0.69)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

* - The 30 June 2016 balance sheet comparatives have been restated due to a change in accounting policy – refer to Note 1s. for details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$	2016 (restated)* \$
Current assets			
Cash and cash equivalents	8	3,253,972	757,395
Trade and other receivables	9	253,974	75,486
Inventories	12	459,651	60,027
Prepayments		504,082	121,016
Total current assets		4,471,679	1,013,924
Non-current assets			
Plant and equipment	10	487,589	53,342
Intangible assets	11	414,873	242,011
Total non-current assets		902,462	295,353
Total assets		5,374,141	1,309,277
Current liabilities			
Trade and other payables	14	441,284	154,993
Provisions	15	157,786	8,715
Borrowings	16	17,779	2,433,627
Total current liabilities		616,849	2,597,335
Total liabilities		616,849	2,597,335
Net assets / (deficiency)		4,757,292	(1,288,058)
Equity			
Issued capital	17	11,412,975	1,173,640
Reserves	18	270,177	(9,124)
Accumulated losses		(6,925,860)	(2,452,574)
Total equity		4,757,292	(1,288,058)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

* - The 30 June 2016 consolidated statement of financial position comparatives have been restated due to a change in accounting policy – refer to Note 1s. for details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Share Based Payments Reserve \$	Total \$
Balance at 1 July 2015		2	(1,130,359)	(1,570)	-	(1,131,927)
Loss for year attributable owners of the parent		-	(1,322,215)	-	-	(1,322,215)
Other comprehensive income:						
Foreign exchange gains / (loss) on consolidation		-	-	(7,554)	-	(7,554)
Total comprehensive income / (loss) for the year attributable owners of the parent		-	(1,322,215)	(7,554)	-	(1,329,769)
Transaction with owners, directly in equity						
Issue of share capital in the year		1,173,638	-	-	-	1,173,638
Transaction costs		-	-	-	-	-
Balance at 30 June 2016*		1,173,640	(2,452,574)	(9,124)	-	(1,288,058)
Balance at 1 July 2016		1,173,640	(2,452,574)	(9,124)	-	(1,288,058)
Loss for the year attributable owners of the parent		-	(4,473,286)	-	-	(4,473,286)
Other comprehensive income:						
Foreign exchange gains / (loss) on consolidation		-	-	55,490	-	55,490
Total comprehensive income for the year attributable owners of the parent		-	(4,473,286)	55,490	-	(4,417,796)
Transaction with owners, directly in equity						
Issue of share capital in the year	26a)	10,861,525	-	-	-	10,861,525
Options and performance shares issued		-	-	-	223,811	223,811
Transaction costs		(622,190)	-	-	-	(622,190)
Balance at 30 June 2017		11,412,975	(6,925,860)	46,366	223,811	4,757,292

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

* - The 30 June 2016 balance sheet comparatives have been restated due to a change in accounting policy – refer to Note 1s. for details.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		2,171,850	1,646,628
Other income		250,239	19,021
Payments to suppliers and employees		(5,766,213)	(3,004,881)
Net cash used in operating activities	8a	(3,344,123)	(1,339,232)
Cash flows from investing activities			
Purchase of businesses, net of cash acquired	2	34,764	-
Purchase of intangible assets		(323,743)	(265,335)
Purchases of property, plant and equipment		(407,283)	(46,619)
Net cash used in investing activities		(696,262)	(311,954)
Cash flows from financing activities			
Proceeds from issue of shares		7,250,000	-
Proceeds from issue of convertible notes		-	2,325,000
Payments for share issue costs		(622,190)	-
Repayment of borrowings		(90,848)	-
Net cash provided by financing activities		6,536,962	2,325,000
Net increase/(decrease) in cash held		2,496,577	673,814
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	26,937
Cash at beginning of year		757,395	56,644
Cash at end of year	8	3,253,972	757,395

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These are the consolidated financial statements and notes of Cycliq Group Limited ("Company") and controlled entities ("Consolidated Group" or "Group"). Cycliq Group Limited is a company limited by shares, domiciled and incorporated in Australia.

The separate financial statements of the parent entity, Cycliq Group Limited, have not been presented with this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 28 August 2017 by the Directors of the Company.

a) Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

i. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (**AAS Board**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), and the Corporations Act 2011 (Cth).

Australian Accounting Standards (**AASBs**) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

ii. Financial position

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

iii. Going Concern

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the financial year ended 30 June 2017 of \$4,473,286 (2016: \$1,322,215 loss) and net operating cash out-flows of \$3,344,123 (2016: \$1,339,232 out-flows). The net assets of the Group have improved by \$6,045,350 increasing from a net liability position at 30 June 2016 to a net asset position of \$4,757,292 at 30 June 2017 (June 2016: \$1,288,058 net liability position). As at 30 June 2017, the Group's cash and cash equivalents increased from 30 June 2016 by \$2,496,577 to \$3,253,972 at 30 June 2017 (June 2016: \$757,395) and had a working capital surplus of \$3,854,830 (June 2016: \$1,583,411 working capital deficit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Whilst the Group is in a net asset and net working capital surplus position, the incurred losses and operating cash outflows indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The Directors however have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because the Group:

- ▶ Successfully completed two capital raisings during the year raising \$6.628 million (net of capital raising costs) from the issue of 327.5 million ordinary shares. The directors are confident that further funds will be raised as and when required during the year;
- ▶ expects to start generating positive operating cash flows for the next 12-month period from existing businesses; and will also look to launch two new product lines during this time to complement existing product offerings.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the consolidating entity generating consistent profits during the next 12 months from existing operations, and if required raising additional capital to meet any shortfall should the consolidated entity require it. Should the Group not achieve these results or be unable to raise additional capital, there is material uncertainty whether the consolidated entity would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

iv. Reverse acquisition

Cycliq Group Limited (Formerly Voyager Global Group Limited) is listed on the Australian Securities Exchange (**ASX**). The Company completed the legal acquisition of Cycliq Products Pty Ltd (Formerly Federation Enterprises (WA) Pty Ltd) on 8 December 2016.

Cycliq Products Pty Ltd (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Cycliq Group Limited (the accounting subsidiary). Accordingly, the consolidated financial statement of Cycliq Group Limited have been prepared as a continuation of the financial statements of Cycliq Products Pty Ltd. Cycliq Products Pty Ltd (as the deemed acquirer) has accounted for the acquisition of Cycliq Group Limited from 8 December 2016. The comparative information (2016) presented in the consolidated financial statements is that of Cycliq Products Pty Ltd.

The impact of the reverse acquisition on each of the primary statements is as follows:

- ▶ The consolidated statement of comprehensive income:
 - a. For the year ended 30 June 2017 comprises twelve months of Cycliq Products Pty Ltd and is then consolidated with Cycliq Group Limited for the period from 8 December 2016 to 30 June 2017
 - b. For the comparative period (2016) comprises Cycliq Products Pty Ltd for the full financial year.
- ▶ The consolidated statement of financial position:
 - c. As at 30 June 2017 represents the consolidated group of Cycliq Products Pty Ltd including Cycliq Group Limited.
 - d. As at 30 June 2016 represents the consolidated group of Cycliq Products Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

- ▶ The consolidated statement of changes in equity:
 - ▶ For the year ended 30 June 2017 comprises Cycliq Products Pty Ltd's balance at 1 July 2016, its loss for the year and transactions with equity holders for twelve months. It also includes Cycliq Group Limited's transactions with equity holders from 8 December 2016 to 30 June 2017 and the consolidated equity balances of both Cycliq Products Pty Ltd and Cycliq Group Limited.
 - ▶ For the comparative period (2016) comprises the transactions with equity holders for Cycliq Products Pty Ltd the full financial year.
 - ▶ The consolidated statement of cash flows:
 - ▶ For the year ended 30 June 2017 comprises cash and cash equivalents balance at 1 July 2016 along with cash transactions from that date until 8 December 2016 for Cycliq Products Pty Ltd. From 8 December 2016 until 30 June 2017 the statement comprises the cash transactions and closing balance of cash and cash equivalents of Cycliq Products Pty Ltd and Cycliq Group Limited, consolidated.
 - ▶ For the comparative period (2016) comprises the cash transactions and balances of cash and cash equivalents of Cycliq Products Pty Ltd for the full financial year.
- v. Use of estimates and judgements
- The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised and in any future periods affected.
- Judgments made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1p.
- vi. Comparative figures
- Where required by AASBs comparative (2016) figures have been adjusted to conform with changes in presentation for the current financial year.
- Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

b) Principles of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered or left the Consolidated Group during the year, their operating results have been included or excluded from the date control was obtained or ceased.

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- ▶ the fair value of the consideration transferred; plus
 - ▶ the recognised amount of any non-controlling interests in the acquiree; plus
 - ▶ if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- less
- ▶ the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained at note 13 Controlled Entities.

iii. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

c) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d) Inventories

Inventories are measured at the lower of cost and net realisable value.

e) Property, plant, and equipment**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and impairment losses (see note 10 Impairment of non-financial assets).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

iii. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the asset's useful life to the consolidated group commencing from the time that the assets is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

	2017 %	2016 %
▶ Countertop Display advertising units	33%	33%
▶ Computer equipment	33%	33%
▶ Office furniture and equipment	33%	33%
▶ Test Model	33%	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

f) Intangibles

i. Intangible assets other than goodwill

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value as at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research costs are expensed in the period which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

ii. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

g) Employee benefits

i. Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

ii. Short-term benefits

Liabilities for employee benefits for wages, salaries, superannuation and leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers' compensation insurance and payroll tax. Liabilities for employee benefits expected to be settled in excess of the 12 months from reporting date are recognised as non-current liabilities.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

iii. Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of the date when the Group can no longer withdraw the offer for termination benefits and the date when the Group recognises costs for restructuring pursuant to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefit that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

iv. Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of options granted is measured using the Black-Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

i) Financial instruments

i. Initial recognition and measurement

A financial instrument is recognised if the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified on the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

ii. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transactions costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

iii. Classification and Subsequent Measurement

(1) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of nine (9) months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the Statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

(2) *Loans*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(3) *Trade and other receivables*

Receivables are usually settled within 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Collectability of trade and other receivables is reviewed on an ongoing basis. An impairment loss is recognised for debts which are known or expected to be uncollectible. An impairment provision is raised for any doubtful amounts.

(4) *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30 day terms.

(5) *Share capital*

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

iv. *Amortised cost*

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

v. *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

vi. *Effective interest method*

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

vii. *Impairment*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

viii. Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

ix. Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy 1b) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

l) Revenue and other income

Interest revenue is recognised in accordance with note 1(i)ix Finance income and expenses.

Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or there is a risk of return of goods or there is continuing management involvement with the goods.

All revenue is stated net of the amount of value added taxes (note 1n Goods and Services Tax).

m) Goods and Services Tax

Goods and Services Tax (GST) is the term for the broad-based consumption taxes that the Group is exposed to in Australia.

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

o) Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key judgment: Going Concern

Refer Note 1(a)iii Going concern.

ii. Key estimate: Business Combinations

Refer Note 2 Business combinations.

iii. Key estimate: Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. As a result of this review, the Group has determined that no material impairment was required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

iv. Key estimate: Provision for warranty claims

The group provides warranties to customers for a number of its products. Judgement is required in determining the warranty provision required to be recognised to fulfil any warranty claims. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is based on historical experience and an understanding of the product base applied against sales within the warranty period.

v. Key estimate: Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

p) New, revised or amending Accounting Standards and Interpretations adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial year.

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

q) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2017. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 July 2018. The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

AASB 15 Revenue from Contracts with Customers

Applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- ▶ identify the contract(s) with a customer;
- ▶ identify the performance obligations in the contract(s);
- ▶ determine the transaction price;
- ▶ allocate the transaction price to the performance obligations in the contract(s); and
- ▶ recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

AASB 16 Leases

Applicable to annual reporting periods beginning on or after 1 July 2019

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- ▶ recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- ▶ depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- ▶ inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- ▶ application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- ▶ inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture, and requires that:

- ▶ a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- ▶ the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- ▶ any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 July 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

r) Change in accounting policies and disclosures

Product Development Expenditure

In the current reporting period, the Accounting Policy for the recognition of product and applications development expenditure has changed. All product and application expenditure incurred in the development of new projects / products are now capitalised in accordance with the following disclosure. The Directors are of the opinion that the change in the accounting policy is both in line with Australian Accounting Standards and provides the users with reliable and relevant information. The change in policy was designed to more appropriately match the expense profile of development costs to be in line with the forecast benefits to be realised over the respective product / application useful life.

Revised Policy:

Development costs are capitalised when it is probable that the project / product will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being the assessed finite product / application life.

Product development spend includes:

All direct costs incurred in the process of developing a product. This shall include such items as:

- ▶ Non-recoverable engineering costs
- ▶ Tooling costs (development of tools used in manufacturing process)
- ▶ Development of moulds (form fitting moulds used in the manufacturing process)
- ▶ Firmware development

Administration and overhead costs that can be directly attributed to a product / application shall be capitalised as appropriate product development expenditure. Administration costs that are not directly attributable to a specific product or application are to be expensed as incurred.

This policy specifically excludes expenditure incurred in the research phase in accordance with the accounting standards. All expense of a research nature shall be expensed as incurred.

Please refer overleaf for the effect of change in the Accounting Policy for Product Development Expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

Effect of Change in Accounting Policy for Product Development Expenditure

Had the new accounting policy in relation to Product Development expenditure always been applied, the following table demonstrates the effect of this change.

	Restated 30 June 2016 \$	Change \$	Previously reported 30 June 2016 \$
<i>Consolidated Statement of Financial Position</i>			
Intangible Assets	242,011	242,011	-
Accumulated losses	(2,452,574)	242,011	(2,694,585)
<i>Consolidated Statement of Comprehensive Income¹</i>			
Cost of sales ¹	(1,238,800)	92,399	(1,331,199)
Research & Development expenses ¹	(91,037)	15,111	(106,148)
Other Operating Costs ¹	(614,923)	144,236	(759,159)
Depreciation and amortisation	(40,785)	(33,608)	(7,177)
Loss for the year	(1,322,215)	218,138	(1,540,352)

¹Further Variances to previously reported balances are a result of reclassifications of expenses between Consolidated Statement of Comprehensive Income accounts to better reflect their nature and provide consistency between comparative balances and current year balances, the net effect on the loss for the year as a result of reclassifications between expense accounts is nil.

NOTE 2 BUSINESS COMBINATIONS AND ACQUISITIONS OF CONTROLLED ENTITIES

a. Cycliq Group Limited (formerly Voyager Group Global Limited)

On 8 December 2016, Cycliq Group Limited (formerly Voyager Group Global Limited) (**Cycliq Group**), acquired 100% of the ordinary share capital and voting rights in Cycliq Products Pty Ltd (formerly Federation Enterprises (WA) Pty Ltd) (**Cycliq Products**) as detailed in the prospectus and supplementary prospectus announced by the Company on the 29th September and 26th October 2016 respectively.

Under AASB 3 *Business Combinations* (**AASB 3**) this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be Cycliq Products and Cycliq Group is deemed to be the accounting acquiree. Refer to the effect upon the basis of preparation at note 1b.iv Reverse acquisition.

i. Acquisition consideration

As consideration for the issued capital of Cycliq Products, Cycliq Group issued 195,607,500 shares, and 9,300,000 performance shares to the shareholders of Cycliq Products at \$0.02, and applying a 50% probability of success to the performance shares, for a total consideration of \$4,005,150. No cash was paid as part of the acquisition consideration.

ii. Fair value of consideration transferred

Under the principles of AASB 3, the transaction between Cycliq Group and Cycliq Products is treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Cycliq Products, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Cycliq are measured at fair value on the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 2 BUSINESS COMBINATIONS AND ACQUISITIONS OF CONTROLLED ENTITIES (CONTINUED)

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Cycliq Products Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Cycliq Group Limited). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Cycliq Products Pty Ltd) would have issued to the legal parent entity Cycliq Group Limited to obtain the same ownership interest in the combined entity.

iii. Goodwill (Corporate transaction accounting expense)

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the legal parent, being Cycliq. Details of the transaction are as follows:

	Fair value \$
Fair value of consideration transferred	758,675
<i>Fair value of assets and liabilities held at acquisition date:</i>	
▶ Cash	34,764
▶ Other current assets	11,011
▶ Non-current assets	27,000
▶ Current liabilities	(155,375)
▶ Non-current liabilities	(2,321)
Fair value of identifiable assets and liabilities assumed	(84,921)
Goodwill (Corporate transaction accounting expense)	843,596

The goodwill calculated above represents goodwill in Cycliq; however this has not been recognised. Instead the deemed fair value of the interest in Cycliq Products Pty Ltd issued to existing Cycliq shareholders to effect the combination (the consideration for the acquisition of the public shell company) was recognised as an expense in the income statement. This expense has been presented as a "Corporate transaction accounting expense" on the face of the consolidated statement profit or loss and comprehensive income.

NOTE 3 REVENUE AND OTHER INCOME

	2017 \$	2016 (restated) \$
a) Revenue		
Fly12 sales	1,139,583	1,145,847
Fly6 sales	1,024,138	1,189,763
Other accessories sales	118,482	3,645
	2,282,203	2,339,255
b) Other Income		
Interest Income	7,422	7,776
Grant income	242,817	11,245
	250,239	19,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 4 PROFIT / (LOSS) BEFORE INCOME TAX

The following significant revenue and expense items are relevant in explaining the financial performance:

Depreciation and amortisation

Depreciation of property, plant and equipment

Amortisation of intangible assets

Employment costs

Key management personnel remuneration

General wages, salaries and superannuation

Other employment related costs

2017 \$	2016 (restated) \$
(77,918)	(7,177)
(150,881)	(33,608)
(228,799)	(40,785)
373,275	-
1,062,660	140,582
58,473	130,804
1,494,408	271,386

NOTE 5 AUDITORS REMUNERATION

Auditing or reviewing the financial reports

William Buck

Bentleys

2017 \$	2016 \$
-	6,500
41,302	-
41,302	6,500

NOTE 6 INCOME TAX

a) Income tax expense / (benefit)

Current tax (benefit) / expense

Deferred tax expense / (benefit)

2017 \$	2016 (restated) \$
-	-
-	-
-	-

b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Loss from continuing operations before income tax expense

Australian tax rate %

Tax amount at the Australian tax rate

Add / (Less) the tax effect of:

- ▶ Non-deductible expenses
- ▶ Non-taxable income
- ▶ Effect of unrecognised temporary difference
- ▶ Deferred tax asset not brought to account

Total income tax expense/ (benefit)

2017 \$	2016 (restated) \$
-	-
(4,473,286)	(1,322,215)
27.5	30
(1,230,154)	(396,665)
307,271	48,551
(55,775)	(11,245)
180,462	108,839
798,196	250,520
-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 6 INCOME TAX (CONTINUED)

c) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Employee benefits

Accrued expenses

Other provisions

Capital raising costs

Tax losses

Total deferred tax assets

Set-off deferred tax liabilities pursuant to set-off provisions

Less deferred tax assets not recognised

Net deferred tax assets

d) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Accrued income

Total deferred tax liabilities

Set-off deferred tax liabilities pursuant to set-off provisions

Net deferred tax liabilities

2017 \$	2016 (restated) \$
14,219	3,785
26,595	15,150
24,369	-
136,882	-
1,217,660	551,375
1,419,725	570,310
(4,426)	-
(1,419,725)	(570,310)
-	-
4,426	-
4,426	-
(4,426)	-
-	-

NOTE 7 EARNINGS PER SHARE (EPS)

e) Reconciliation of earnings to profit or loss

Loss used in the calculation of basic and diluted EPS

f) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS

g) Basic EPS (cents per share)

h) The Group does not report diluted earnings per share where options would not result in the issue of ordinary shares for less than average market price during the period ("out of the money"). In addition, the Group does not report diluted earnings per share on annual losses generated by the Group. At the end of the 30 June 2017 financial year, the Group had 36,550,000 unissued shares under option that were "out of the money" which were anti-dilutive (June 2016: Nil).

2017 \$	2016 (restated) \$
(4,473,286)	(1,322,215)
348,197,711	190,966,572
(1.28)	(0.69)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7 EARNINGS PER SHARE (EPS) (CONTINUED)

- a) As noted in 1(b)iv, the equity structure in these consolidated financial statements following the reverse acquisition reflects the equity structure of Cycliq Group Limited, being the legal acquirer (the accounting acquiree), including the equity interests issued by Cycliq Group Limited to effect the business combination.
- ▶ In calculating the weighted average number of ordinary shares outstanding (the denominator of the EPS calculation) for the year ended 30 June 2017 the number of ordinary shares outstanding for the half-year ended 31 December 2016 shall be the actual number of ordinary shares of Cycliq Group Limited outstanding during that period.
 - ▶ The basic EPS for the year ended 30 June 2016 shall be calculated by dividing:
 - 1) the profit or loss of Cycliq Products attributable to ordinary shareholders in each of those periods by
 - 2) the Cycliq Products' historical weighted average number of ordinary shares outstanding multiplied by the exchange ratio established in the acquisition agreement.

NOTE 8 CASH AND CASH EQUIVALENTS

	2017 \$	2016 (restated) \$
Cash at bank	3,253,972	757,395
	3,253,972	757,395
a) Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(4,473,286)	(1,322,515)
Non-cash flows in profit from ordinary activities:		
▶ Depreciation	228,799	40,785
▶ Corporate transaction accounting expense	843,596	-
▶ Impairment	16,134	-
▶ Accrued interest on convertible note	-	108,627
▶ Share-based payments expense	751,661	-
▶ Foreign currency gains/ (losses)	55,490	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
▶ (Increase)/decrease in trade and other receivables	(644,560)	(69,222)
▶ (Increase)/decrease in inventories	(399,624)	531,073
▶ Increase/(decrease) in trade and other payables and accruals	128,596	107,426
▶ Increase/(decrease) in provisions	149,071	(735,706)
Cash flow from operations	(3,344,123)	(1,339,232)

b) Credit standby facilities

The Group has no credit standby facilities (2016: None).

c) Non-cash investing and financing activities

Refer to note 8d below

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 8 CASH AND CASH EQUIVALENTS (CONTINUED)

d) Acquisition of entities

i. Cycliq Group Limited (Cycliq Group)

On 8 December 2016, Cycliq Group acquired 100% of the ordinary share capital and voting rights in Cycliq Products Pty Ltd (**Cycliq Products**) as described in note 5:

(1) Purchase consideration:

Theoretical equity consideration issued under a reverse acquisition	2	758,675
Total consideration		758,675

(2) Cash acquired:

Cash held by Cycliq Group at date of acquisition	2	34,764
Cash in-flow on acquisition		34,764

(3) Assets and liabilities held at acquisition date (excluding cash) excluded from the consolidated statement of cash flow:

Trade and other receivables	2	38,011
Trade and other payables	2	(157,696)

NOTE 9 TRADE AND OTHER RECEIVABLES

Current

	2017 \$	2016 (restated) \$
Trade debtors	150,889	-
Less: provision for impairment	-	-
Accrued income receivable	15,439	-
Other receivables	4,997	-
Goods and Services Tax receivable	82,649	75,486
	253,974	75,486

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22 Financial risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 10 PROPERTY, PLANT & EQUIPMENT

Non-current

Computer equipment at cost

Accumulated depreciation

Office furniture and equipment at cost

Accumulated depreciation

Test Model at cost

Accumulated depreciation

Point of Presence countertop display units at cost

Accumulated depreciation

Total property, plant, and equipment

	2017 \$	2016 (restated) \$
	36,870	6,315
	(11,100)	(1,028)
	25,770	5,287
	37,589	59,346
	(19,087)	(11,291)
	18,502	48,055
	77,188	77,188
	(77,188)	(77,188)
	-	-
	503,367	-
	(60,050)	-
	443,317	-
	487,589	53,342

NOTE 11 INTANGIBLE ASSETS

Non-current

Product development costs

Accumulated amortisation

Impairment

Total Intangible assets

	2017 \$	2016 (restated) \$
	621,397	297,654
	(206,524)	(55,643)
	-	-
	414,873	242,011
	414,873	242,011

Movements for the year

Opening balance

Additions from internal developments

Amortisation

Closing balance

	242,011	23,874
	323,743	251,745
	(150,881)	(33,608)
	414,873	242,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 12 INVENTORIES

Stock on hand at cost

Total Inventory assets

2017 \$	2016 (restated) \$
459,651	60,027
459,651	60,027

NOTE 13 CONTROLLED ENTITIES

a) Legal parent entity

Cycliq Group Limited is the ultimate parent of the Group (refer to note 1(b)iv)

i. Legal subsidiaries

- Cycliq Products Pty Ltd
- BSA International Limited

Country of Incorporation	Class of Shares	Percentage Owned	
		30 June 2017	30 June 2016
Australia	Ordinary	100%	-
British Virgin Islands	Ordinary	100%	-

b) Account parent entity

Cycliq Group Pty Ltd is the accounting parent of the Group (refer to note 1(b)iv)

ii. Accounting subsidiaries

- Cycliq Group Limited
- BSA International Limited

Country of Incorporation	Class of Shares	Percentage Controlled	
		30 June 2017	30 June 2016
Australia	Ordinary	100%	-
British Virgin Islands	Ordinary	100%	100%

- a. Investments in subsidiaries are accounted for at cost.

NOTE 14 TRADE AND OTHER PAYABLES

Current

Unsecured

Trade payables

Accrued expenses

Other payables

2017 \$	2016 (restated) \$
255,944	80,250
96,708	50,500
88,632	24,243
441,284	154,993

Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

- a) The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24 Financial risk management.
- b) The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24 Financial risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 15 PROVISIONS

Current

Provision for current employee benefits
Provision for warranty claims
Provision for unearned income

2017 \$	2016 (restated) \$
39,045	8,715
88,616	-
30,125	-
157,786	8,715

NOTE 16 BORROWINGS

Current

Insurance premium funding
Convertible Notes

2017 \$	2016 (restated) \$
17,779	-
-	2,433,627
17,779	2,433,627

The convertible notes balance above consisted of \$2,325,000 principal, and \$108,627 of accrued interest. The interest was paid subsequent to the 30 June 2016 period end, and the principal was converted into ordinary shares in Cycliq Group Limited for noteholders at the time of the reverse take-over transaction described in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 17 ISSUED CAPITAL

Note	2017 No.	2016 No.	2017 \$	2016 \$
Fully paid ordinary shares at no par value	741,433,530	5,000,000	11,412,975	1,173,640
a) Ordinary shares				
At the beginning of the period	5,000,000	2	1,173,640	2
Shares issued during the period:				
- Issue of shares	-	4,999,998	-	1,173,638
Balance before reverse acquisition	5,000,000	-	1,173,640	-
8 December 2016 reverse acquisition				
▶ Elimination of existing legal acquiree (Cycliq Products) shares	(5,000,000)	-	-	-
▶ Shares of legal acquirer (Cycliq Group) at acquisition date	37,933,730	-	-	-
▶ Issue of shares to Cycliq Products vendors	195,607,500	-	758,675	-
▶ Settlement of accrued liabilities	24,392,500	-	487,850	-
▶ Conversion of notes	155,000,000	-	2,325,000	-
▶ Proceeds from shares issued under public offer	187,500,000	-	3,750,000	-
▶ Shares issued to consultants for services provided	1,000,000	-	40,000	-
▶ Proceeds from rights issue shares	139,999,800	-	3,500,000	-
Transaction costs relating to share issues			(622,190)	
At reporting date	741,433,530	5,000,000	11,412,975	1,173,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

b) Options

	2017 No.	2016 No.
Unlisted options on issue at balance date	36,550,000	-
At the beginning of the period	-	-
- Options issued to employees approved at Annual General Meeting	36,550,000	-
	36,550,000	-

c) Capital Management

The working capital position of the Group at balance date is as follows:

	2017 \$	2016 (restated) \$
Cash and cash equivalents	8 3,253,972	757,395
Trade and other receivables	9 253,974	75,486
Financial assets	-	-
Inventories	459,651	60,027
Other current assets	504,083	121,016
Trade and other payables	14 (441,284)	(154,993)
Short-term provisions	15 (157,786)	(8,715)
Short-term borrowings	16 (17,779)	(2,433,627)
Working capital position	3,854,831	(1,583,411)

NOTE 18 RESERVES

	2017 \$	2016 (restated) \$
Foreign currency translation reserve	46,366	(9,124)
Share based payment reserve (Options)	83,811	-
Share Based payment reserve (Performance shares)	140,000	-
Total reserves	270,177	(9,124)

For details regarding share-based payments during the period, please refer Note 19 Share Based Payments

NOTE 19 SHARE BASED PAYMENTS

The following share-based payments were made during the year ended 30 June 2017 (2016: None).

a) Issue of shares to Directors

There were no shares issued to directors in the financial year 2017 (2016: Nil)

9,300,000 Performance shares were issued to directors as part of the acquisition of Cycliq, and have been treated in accordance with Note 2: Business combinations and acquisitions (refer Note2.i), refer further details below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

b) Options

36,550,00 Incentive Options were granted to the Directors of Cycliq Group Limited during the period in 4 Tranches. The following tables summarises the details of the options granted to each director on these dates and the conditions attached:

Tranche 1 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	215,000	1,720,000	1,720,000
Vesting Date	30 June 2017	Total Valuation (\$)	2,342	18,736	18,736
Expiry Date	30 November 2019	Expense recorded to 30 June 2017 (\$)	2,342	-	18,736

Tranche 1 options convert upon the execution of a significant new sponsorship agreement. As at 30 June 2017 a 100% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 2 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	537,500	4,300,000	4,300,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,855	46,839	46,839
Expiry Date	30 November 2019	Expense recorded to 30 June 2017 (\$)	5,855	-	46,839

Tranche 2 options convert upon the execution of a significant distribution agreement in a new territory. As at 30 June 2017 a 100% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 3 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	537,500	4,300,000	4,300,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,855	46,839	46,839
Expiry Date	30 November 2019	Expense recorded to 30 June 2017 (\$)	-	-	-

Tranche 3 options convert upon the execution of a significant licensing agreement with a third party for the use of Cycliq's intellectual property or big data, delivering video for third party application or implementing cloud based shared services for Cycliq customers. As at 30 June 2017 a 0% probability has been assigned to the likelihood of the vesting condition being achieved.

Tranche 4 Executive Incentive Options					
Exercise Price	3 cents		Chris Singleton	Andrew Hagen	Kingsley Fiegert
Grant Date	30 November 2016	Number of Options	860,000	6,880,000	6,880,000
Vesting Date	30 June 2017	Total Valuation (\$)	5,762	46,096	46,096
Expiry Date	30 November 2019	Expense recorded to 30 June 2017 (\$)	1,116	-	8,925

Tranche 4 options convert upon the 60-day volume weighted average price per Share as quoted on ASX (VWAP) being \$0.05. The options are being expensed over the 3-year vesting period.

Summary of All Options Granted as Remuneration During the Period				
	Chris Singleton	Andrew Hagen ¹	Kingsley Fiegert	Total
Total Number of Options	2,150,000	17,200,000	17,200,000	36,550,000
Total Valuation	13,959	111,760	111,760	237,479
Total expense recorded to 30 June 2017	9,312	-	74,499	83,811

¹ In accordance with the terms of the performance options a 0% probability has been assigned to the likelihood of the vesting conditions being achieved whilst Andrew Hagen is an employee of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

Options were valued using a Black-Scholes valuation model. Inputs to the valuation model were as follows:

	Executive Incentive Options			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Valuation date	30 November 2016	30 November 2016	30 November 2016	30 November 2016
Market price of shares at valuation date	\$0.02	\$0.02	\$0.02	\$0.02
Exercise price	\$0.03	\$0.03	\$0.03	\$0.03
Time until expiry	3 Years	3 Years	3 Years	3 Years
Risk free interest rate	1.94%	1.94%	1.94%	1.94%
Volatility	100%	100%	100%	100%
Fair value	\$0.0109	\$0.0109	\$0.0109	\$0.0067

c) Issue of shares to other parties

1,000,000 fully paid ordinary shares were issued to consultants in lieu of cash payment for services provided. (2016: Nil)

10,280,350 shares and 500,000 performance shares to Merchant Capital Partners as Success fee per Corporate adviser mandate. (2016: Nil)

11,612,150 shares and 200,000 performance shares to Nameo as success fee under Strategic adviser mandate. (2016: Nil)

2,500,000 shares were issued to employees. (2016: Nil)

d) Performance shares

As part of the reverse take-over transaction, the Company issued 10,000,000 performance shares on the 8th of December 2016 (the "Issue Date"). Of this balance, 9,300,000 performance shares were issued to the previous owners and directors of the company as part of the acquisition of Cycliq, and have been treated in accordance with Note 2: Business combinations and acquisitions (refer Note2.i).

The remaining 700,000 performance shares were issued to corporate advisors as part of their compensation for services rendered during the reverse take-over transaction.

These shares have been valued in line with the Conversion of Performance Shares denoted below. At the date of this report, the board has applied a 50% probability that the company will achieve the milestone requirements of the performance shares.

Milestones

The Performance Shares convert into Shares as at the date the Company satisfies any one of the following milestones:

- the Company reporting consolidated earnings before interest, tax, depreciation and amortisation of at least \$3,000,000 from the Cycliq assets and business and any derivatives thereof; or
- the Company reporting consolidated revenue of at least \$30,000,000; based on the Company's consolidated audited accounts, provided that the milestones is satisfied by no later than 30 June of the fourth 4 financial year following the issue date (not including the financial year in which the issue date occurs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

Conversion of Performance Shares

In the event a milestone is satisfied, all of the performance shares held by the holder will convert into ordinary shares and the number of shares into which each performance share is converted shall be equal to:

- the total number of ordinary shares that are issued upon conversion of the performance shares (assuming that all performance shares are converted) which must have an aggregate value equivalent to \$4,000,000 based on a deemed issue price of the higher of:
 - ▶ \$0.02; and
 - ▶ the 20 day VWAP for ordinary shares, calculated over the 20 trading days on which trades in the Company's shares are recorded immediately before a milestone is satisfied; divided by
- 10,000,000 (being the total number of performance shares issued at settlement).

e) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period as follows:

	2017 \$	2016 (restated) \$
Performance shares issued to consultants	140,000	-
Shares issued to consultants and advisers	437,850	-
Shares issued to employees	50,000	-
Options issued to key management personnel	83,811	-
Total share based payments expense	711,661	-

NOTE 20 KEY MANAGEMENT PERSONNEL COMPENSATION

The names and positions of Key Management Personnel ("KMP") during the period are as follows:

- ▶ Chris Singleton - Non-Executive Chairman appointed 29 November 2016, appointed Executive Chairman on 28 April 2017.
- ▶ Mike Young - Non-Executive Director appointed 9 February 2017
- ▶ Cyril Daoud - Non-Executive Director appointed 17 March 2017
- ▶ Piers Lewis - Non-Executive director and joint company secretary appointed 29 November 2016
- ▶ Kingsley Fiegert - COO and Executive Director appointed 29 November 2016 and resigned as a director on 28 April 2017, at which time Mr Fiegert also changed his executive role in the business to Chief Product Development Officer.
- ▶ Andrew Hagen - CEO and Managing Director appointed 29 November 2016 and resigned from both positions on 28 April 2017.
- ▶ Terence Yap - Corporate General Manager and Global Head of Sales appointed on 1 May 2017.
- ▶ John Turner - Chief Financial Officer appointed on 13 October 2016, also appointed Chief Operating Officer on 28 April 2017.

The amounts disclosed for the current financial year in the table below represent remuneration paid by Cycliq Products Pty Ltd (the accounting acquirer) to KMP and Directors of the accounting acquirer over the period 1 July 2016 to 8 December 2016 (the acquisition date) and remuneration paid by the consolidated entity Cycliq Group Limited following the completion of the acquisition on 8 December 2016 until 30 June 2017.

For the year ended 30 June 2017

No comparative information is disclosed as Company Name Group Pty Ltd (accounting acquirer) was not subject to section 300A of the Corporations Act 2001 in that period.

¹36,550,000 incentive options were issued to directors, refer to Note 19 for full details

The Group has identified its operating segments based on the internal reports that are provided to the Board on a monthly basis that are used in determining the allocation of resources across the Group. Management has identified the group has four reporting segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 23 OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2017

	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
Revenue	799,586	554,371	583,859	344,387	2,282,203
Total Segment Revenue	799,586	554,371	583,859	344,387	2,282,203
Segment net profit / (loss) from continuing operations before tax	180,482	125,132	131,788	77,736	515,138
<i>Reconciliation of segment profit / (loss) to group profit / (loss):</i>					
Amounts not included in segment results but reviewed by the board:					
Other income					250,239
Administrative expenses					(464,164)
Distribution expenses					(686,403)
Depreciation and amortisation					(228,799)
Employment costs					(1,494,408)
Finance costs					(95,793)
Impairment					(16,134)
Legal and consulting fees					(82,878)
Occupancy costs					(54,116)
Other operating expenses					(503,498)
Share-based payments					(711,611)
Research and development expenses					(57,001)
Corporate transaction accounting expense					(843,596)
Net (loss)/profit for the year					(4,473,286)
Segment Assets	174,857	-	43,714	-	218,572
<i>Reconciliation of segment assets to group assets:</i>					
Unallocated assets					5,155,569
Total Assets					5,374,141
Segment Liabilities					
<i>Reconciliation of segment liabilities to group liabilities:</i>					
Unallocated liabilities					618,849
Total Liabilities					618,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 23 OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2016

Revenue

Revenue

Total Segment Revenue

Segment net profit / (loss) from continuing operations before tax

Reconciliation of segment profit / (loss) to group profit / (loss):

Amounts not included in segment results but reviewed by the board:

Other income

Administrative expenses

Distribution expenses

Depreciation and amortisation

Employment costs

Finance costs

Impairment

Legal and consulting fees

Occupancy costs

Other operating expenses

Share-based payments

Research and development expenses

Corporate transaction accounting expense

Net (loss)/profit for the year

Segment Assets

Reconciliation of segment assets to group assets:

Unallocated assets

Total Assets

Segment Liabilities

Reconciliation of segment liabilities to group liabilities:

Unallocated liabilities

Total Liabilities

	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
Revenue	789,079	784,104	482,681	283,391	2,339,255
Total Segment Revenue	789,079	784,104	482,681	283,391	2,339,255
Segment net profit / (loss) from continuing operations before tax	278,477	100,647	171,426	280,244	830,793
Reconciliation of segment profit / (loss) to group profit / (loss):					
Amounts not included in segment results but reviewed by the board:					
Other income					19,021
Administrative expenses					(814,330)
Distribution expenses					(289,381)
Depreciation and amortisation					(40,785)
Employment costs					(271,386)
Finance costs					(108,627)
Impairment					-
Legal and consulting fees					(24,792)
Occupancy costs					(50,749)
Other operating expenses					(497,681)
Share-based payments					-
Research and development expenses					(74,298)
Corporate transaction accounting expense					-
Net (loss)/profit for the year					1,322,215
Segment Assets	-	-	-	-	-
Reconciliation of segment assets to group assets:					
Unallocated assets					1,309,277
Total Assets					1,309,277
Segment Liabilities	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities:					
Unallocated liabilities					2,597,355
Total Liabilities					2,597,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 24 FINANCIAL RISK MANAGEMENT

a) Financial risk management policies

This note presents information regarding the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	2017 Total \$	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	2016 Total \$
Financial Assets								
Cash and cash equivalents	3,253,972	-	-	3,253,972	757,395	-	-	757,395
Trade and other receivables	-	-	233,534	233,534	-	-	75,486	75,486
Financial assets	-	-	-	-	-	-	-	-
Total Financial Assets	3,253,972	-	233,534	3,487,506	757,395	-	75,486	832,881
Financial Liabilities								
Current								
Trade and other payables	-	-	344,576	344,576	-	-	154,993	154,993
Short-term borrowings	17,779	-	-	17,779	-	2,433,627	-	2,433,627
Total Current Financial Liabilities	17,779	-	344,576	362,355	-	2,433,627	154,993	2,588,620
Total Financial Liabilities	17,779	-	344,576	362,355	-	2,433,627	154,933	2,588,620
Net Financial Assets	3,236,193	-	(111,042)	3,125,151	757,395	(2,433,627)	(79,447)	(1,755,739)

b) Specific financial risk exposures and management

The main risks that the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency and equity price risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. Operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

i. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The objective of the Group is to minimise the risk of loss from credit risk. The Group trades only with creditworthy third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

► Credit risk exposures

The maximum exposure to credit risk is to the Group's trade receivables and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible.

► Impairment losses

The ageing of the Group's trade and other receivables at reporting date was as follows:

	2017 Gross \$	2017 Impaired \$	2016 Gross \$	2016 Past due but not impaired \$
Trade receivables				
Not past due	150,889	-	-	-
Past due up to 3 months	-	-	-	-
Past due over 3 months	-	-	-	-
Other receivables				
Not past due	82,649	-	75,486	-
Total trade and other receivables	233,538	-	75,486	-

ii. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring cash is available to meet the current and future commitments of the Group.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The financial liabilities of the Group are confined to trade and other payables and borrowings as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

► Contractual Maturities

The following are the contractual maturities of financial assets and liabilities of the Group:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	WITHIN 1 YEAR		GREATER THAN 1 YEAR		TOTAL	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2017 \$
Financial Assets						
Cash and cash equivalents	3,253,972	757,395	-	-	3,253,972	757,395
Trade and other receivables	233,534	75,486	-	-	233,534	75,486
Total anticipated inflows	3,487,506	832,881	-	-	3,487,506	832,881
Financial Liabilities						
Trade and other payables	344,576	154,993	-	-	344,576	154,993
Borrowings	17,779	2,433,627	-	-	17,779	2,433,627
Total contractual outflows	362,355	2,588,620	-	-	362,355	2,588,620
Net (outflow) / inflow from financial instruments	3,125,151	(1,755,739)	-	-	3,125,151	(1,755,739)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts than presented.

iii. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Board meets on a regular basis and considers the Group's exposure to interest rate risk.

► Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

► Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian Dollar presentation currency of the Group.

Foreign exchange risk is not material to the Group as the Group does not hold any financial instruments in currencies other than Australian Dollars.

► Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

iv. Sensitivity analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest rates on borrowings

	Profit Effect		Equity Effect	
	2017 \$	2016 \$	2017 \$	2016 \$
± 100 basis points change in interest rates	-	±24,336	-	±24,336

For the year ended 30 June 2017

v. Net fair values

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

a) Financial position of Cycliq Group Limited (Legal Parent Only)

Current assets		
Cash and cash equivalents	2,791,805	716,989
Trade and other receivables	45,516	214,645
Other current assets	-	60,026
Total current assets	2,837,321	991,660
Non-current assets		
Property plant and Equipment	-	295,353
Total non-current assets	2,837,321	295,353
Total assets	2,837,321	1,287,013
Current liabilities		
Trade and other payables	61,793	163,707
Short-term borrowings	-	2,433,627
Total current liabilities	61,793	2,597,334
Total liabilities	61,793	2,597,334
Net assets	2,775,528	(1,310,321)
Equity		
Issued capital	83,054,399	1,173,640
Reserves	176,811	(8,151)
Accumulated losses	(80,455,682)	(2,475,810)
Total equity	2,775,528	(1,310,321)

b) Financial performance of Cycliq Group Limited (Legal Parent Only)

Profit / (loss) for the year	(7,896,321)	(1,343,039)
Other comprehensive income	-	-
Total comprehensive income	(7,896,321)	(1,343,039)

c) Guarantees entered into by Cycliq Group Limited (Legal Parent Only)

There are no guarantees entered into by Cycliq Group Limited for the debts of its subsidiaries as at 2017 (2016: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

NOTE 26 COMMITMENTS

Operating leases relate to the office lease with lease terms of 3 years. Non-cancellable operating lease commitments are as follows:

	2017 \$	2016 \$
No later than 1 year	21,256	40,425
Later than 1 year and not later than 5 years	-	57,269
Later than 5 years	-	-
	21,256	97,694

NOTE 27 EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year:

Deregistration of Cycliq Products Pty Ltd's wholly owned subsidiary – BSA International Limited occurred on 28 July 2017.

36,550,000 Performance Options were issued on the 24th August 2017 to key management personnel of Cycliq Group Limited. The performance options were approved for issue at the Annual General Meeting held on 30 November 2016.

There were no other significant subsequent events since reporting date.

NOTE 28 COMPANY DETAILS

The registered office and principle place of business of the Company as at the date of this report is as follows:

Registered Office

Address: C/O SmallCap Corporate - Suite 6, 295 Rokeby Road, Subiaco, WA, 6008

Telephone: +61 (8) 6555 2950

Facsimile: +61 (8) 6166 0261

Email: info@cycliq.com

Website: www.cycliq.com

Principal place of business

Address: Level 2, 646 Newcastle Street, Leederville, WA, 6007

Email: info@cycliq.com

Website: www.cycliq.com

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 57 are in accordance with the *Corporations Act 2001* (Cth) and:
 - a) comply with Accounting Standards;
 - b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
 - c) give a true and fair view of the financial position as at 30 June 2017 and of the financial performance for the year ended on that date of the Company and the Consolidated Group.
2. The Chief Executive Officer (equivalent) and Chief Finance Officer (equivalent) have each declared that:
 - a) the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001* (Cth);
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and;
 - c) the financial statements and notes for the financial year give a true and fair view.
3. 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 and is signed for and on behalf of the directors by:



CHRIS SINGLETON
Executive Chairman

Dated this Thursday, 31 August 2017

Independent Auditor's Report

To the Members of Cycliq Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cycliq Group Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(aiii) in the financial report which indicates that the Group incurred a loss of \$4,473,286 during the year ended 30 June 2017. This condition, along with other matters as set forth in Note 1(aii), indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Existence and valuation of inventory</p> <p>As disclosed in note 12 to the financial statements as at 30 June 2017, Cycliq Group Limited has inventory balance of \$459,651.</p> <p>Existence and valuation of inventory were considered key audit matters due to:</p> <ul style="list-style-type: none"> • The quantum of inventory on hand • The location of the inventory • Risk of stock obsolescence from changing technology • The importance of inventory in relation to generating positive operating cashflows. 	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Agreeing reported inventory balances to stock take reports conducted by independent third parties; • Reviewing gross margins on inventory sales during the year on a monthly basis; • Reviewing margins and inventory turnover via analytical procedures; • Reviewing unit cost of inventory items and related sales of that item to supporting documentation on a sample basis to assess assumption of inventory being held at the lower of cost or net realisable value; • Assessing the appropriateness of the related disclosures in note 12 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting for reverse acquisition of Cycliq Products Pty Ltd</p> <p>As disclosed in note 2 of the consolidated financial statements, on 8th December 2016, Cycliq Group Limited completed the reverse acquisition of Cycliq Products Pty Ltd (formerly Federation Enterprises (WA) Pty Ltd) via the issue of shares and performance shares. This resulted in Cycliq Products becoming the accounting acquirer in the business combination although Cycliq Group is the legal parent.</p> <p>This is a key audit matter due to the size of the acquisition with a purchase consideration of \$758,675 and complexities inherent in a reverse acquisition.</p> <p>Management has completed a process to allocate the purchase consideration to tangible assets and goodwill has been recognised as corporate transaction accounting expense. This process involved estimation and judgement of future performance of the business.</p>	<p>Procedures performed as part of our assessment of the transaction to determine if the appropriate accounting treatment was applied, included:</p> <ul style="list-style-type: none"> • Evaluation of management's assessment of the combining entities to determine who obtained control as a result of the transaction. • Review of signed contractual agreements relating to the acquisition and understanding the key terms and conditions of the transaction; • Assessment of the calculation of the deemed consideration with underlying information inputs including share price with the terms of the acquisition agreement; • Review of acquisition date balance sheet to acquisition agreement and underlying supporting documentation; • Assessment of the fair value of assets and liabilities acquired to the fair value assessment conducted by management. • Review of consolidation of the combining entities in line with reverse acquisition accounting requirements. • We assessed the appropriateness of the disclosures included in Notes 1 and 2 to the financial report.
<p>Accounting for capitalised development costs</p> <p>The capitalised development costs of \$414,873 as disclosed in Note 11 of the consolidated financial statements is considered to be a key audit matter due to the significance to the consolidated statement of financial position and the specific criteria that are required to be met for capitalisation. This involves management judgement such as with respect to</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Assessing the recognition criteria for internally generated intangible assets; • Evaluating the key assumptions used for estimates made in capitalising development

Key Audit Matter	How our audit addressed the key audit matter
<p>technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future benefits and the ability to measure the costs reliably. In addition, management judgement is also required in estimation of useful lives of the completed projects and assessment for any impairment requirements.</p>	<p>costs, including assessment of whether capitalised costs related to the development phase of the project, the generation of probable future economic benefits and the useful economic life attributed to the asset.</p> <ul style="list-style-type: none"> • We performed audit procedures including a sample selection of items capitalised to assess the recognition and accuracy of the amounts capitalised in the period. • Evaluating management's assessment as to whether indicators of impairment had occurred; and • Assessing the adequacy of the disclosures in Note 11.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

To the Members of Cycliq Group Limited (Continued)



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Cycliq Group Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

A stylized blue ink signature of the firm Bentleys.

BENTLEYS
Chartered Accountants

A blue ink signature of Mark DeLaurentis.

MARK DELAURENTIS CA
Director

Dated at Perth this 31st day of August 2017

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is required by the Australian Securities Exchange in respect of listed public companies:

The shareholder information set out below was applicable as at 14 September 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

			FULLY PAID SHARES	
			No. of holders	Securities
1 to	1,000		672	80,843
1,001 to	5,000		66	136,457
5,001 to	10,000		13	97,764
10,001 to	100,000		179	9,002,795
100,001 and over			332	732,115,871
			1,262	741,433,730
Holding less than a marketable parcel			-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
SUNSET ENTERPRISES WA PTY LTD <THE SUNSET ENTERPRISES WA A/C>	78,484,800	10.59
BREAKWATER (WA) PTY LTD <THE BREAKWATER (WA) A/C>	74,846,501	10.09
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	71,700,000	9.67
AJAVA HOLDINGS PTY LTD	30,000,000	4.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,166,668	3.93
MR EDWIN POPE <CUMBERNAULD A/C>	19,780,374	2.67
MRS DAWN EMMA KENNEDY <KENNEDY INVESTMENT A/C>	17,900,000	2.41
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	14,500,000	1.96
NAMEO PTY LTD	11,612,150	1.57
JOYRESS PTY LTD	10,600,000	1.43
MARKOTA PTY LTD <SEPAROVIC SUPER FUND A/C>	10,095,335	1.36
JA RODGERS SUPERANNUATION PTY LTD <JOHN RODGERS SUPER FUND A/C>	10,012,051	1.35
MR ROBERT CHARLES FIEGERT + MRS ANNETTE ROSE FIEGERT	9,091,836	1.23
MS FREYJA MEI-LIANG BRUUN	8,362,052	1.13
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,000,000	1.08

MRS JOAN CHRISTINE COOK	7,333,334	0.99
SEEFELD INVESTMENTS PTY LTD	6,733,333	0.91
LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	6,550,000	0.88
MR COLIN ALEXANDER MACKELLAR + MRS MICHELE ELIZABETH MACKELLAR <CA MACKELLAR SUPER FUND A/C>	6,050,000	0.82
ICON HOLDINGS PTY LTD <THE K & A PAGANIN S/F A/C>	5,983,333	0.81
	436,801,767	58.91

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
SUNSET ENTERPRISES WA PTY LTD <THE SUNSET ENTERPRISES WA A/C>	78,484,800	10.59
BREAKWATER (WA) PTY LTD <THE BREAKWATER (WA) A/C>	74,846,501	10.09
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	71,700,000	9.67

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities

