Cycliq Group Limited

ABN 47 119 749 647

ANNUAL REPORT

30 June 2019

CORPORATE DIRECTORY

Current Directors

Piers Lewis	*Non-Executive Chairman*	Appointed 22 February 2016
Ben Rattigan	*Non-Executive Director*	Appointed 7 May 2019
Daniel Kennedy	*Non-Executive Director*	Appointed 7 May 2019

Company Secretary

Piers Lewis	*Joint Company Secretary*	Appointed 29 November 2016
Arron Canicais	*Joint Company Secretary*	Appointed 17 March 2017

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: Unit A14, Level 2, 435 Roberts Road, Subiaco, WA, 6008

Email: info@cycliq.com

Website: www.cycliq.com

Securities Exchange

Australian Securities Exchange

ASX Code: CYQ.AX

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

Auditors

Bentleys Audit and Corporate (W.A) Pty LTD

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

ANNUAL REPORT
30 June 2019

TABLE OF CONTENTS

CHAIRMAN'S REPORT

Dear Shareholders,

In the second year of operation as an ASX listed entity the business has matured to focus on sustainable growth and developing a path to profitability; ensuring a quality product and bringing operational costs under control while developing new market opportunities and consolidating growth in existing markets.

The outlook for the global cycling and personal mobility market – sports, performance, commuter, recreation - is strong and presents a growing category opportunity for Cycliq to further develop existing and new product and consumer value propositions.

Having sold more than 75,000 Cycliq Fly6 and Fly12 cycling safety systems around the world, the installed base of customers is growing and the demand from consumers and channel partners has been consistent in FY19.

FY19 in review

After having launched the 'Connected Edition' products, the business went through a period of rapid change and growth. This was sustained into H1 FY19 with more than 14k units sold, operating expenses grew faster than sales during this period.

The discipline of operating efficiency was an absolute focus in the second half of the financial year and the final quarter of FY19 saw a significant improvement in the operating cost base as cost-reduction measures implemented from Q3 came to fruition.

The executive team conducted a full operational review of the company to identify business improvement opportunities and immediately implemented several further measures to improve operating performance as well as provide a clear roadmap for new product development and existing product enhancements.

The full year FY19 operating result represented an improvement of $0.9m over FY18 with a loss of $2.9m in FY19 compared to $3.8m the previous year.

The Q4 FY19 operating cost base run rate has demonstrated that with improved but achievable sales projections for FY20, the business will be able to operate sustainably in FY20.

Financing and funding arrangements

A capital raise was undertaken in November 2018, which secured $1.1m through an equity share placement.

In line with improving operating discipline, the business also restructured the shareholder loan facility that was in place with Toad Group Pty Ltd (an entity associated with former Company chairman Chris Singleton) and other entities, opting to replace this with a tailored debt facility with Silicon Valley-based Partners for Growth (PFG).

An initial draw down of $0.79m on the PFG facility was completed in March, of which a portion was used to restructure and retire the existing $1.5m shareholder loan facility by repaying the $0.51m drawn down from the Toad Group in full.

The year ahead

With safety in cycling becoming an increasingly prominent concern and the explosion of first- and last-mile commuting mobility options (i.e. hardware such as e-bikes, scooters and bikes) placing pressure on existing infrastructure in cities around the world, Cycliq is well placed to take advantage of the new category opportunities being created for safety solutions that address this expanding market.

With 60% of all commuter trips in the US under five miles the opportunity to build a business that focuses on personal safety while commuting is set to grow significantly.

The Cycliq business core product lines of the Fly6 and Fly12 have continued to demonstrate strong product-market fit and consistent sales in key markets.

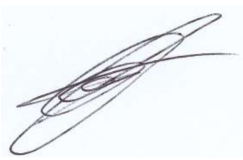
A priority for FY20 is to refresh the core product line with a new product launch planned for H2.

Other priorities for FY20 include:

- **Product development** – hardware and software: continuous improvement of the existing range and development of a portfolio of commuter mobility safety products that suit a range of customer value propositions and investment appetites.
- **Supply chain optimization** – realizing benefits of sustained manufacturing partnerships with existing suppliers to improve production quality, inventory management and time to market for new products.
- **Profitable growth** – our expectations are for increased sales in FY20 however this will not be at the expense of sustainable growth. There will a continued focus on gross margin performance delivered through effective distribution strategy and supply chain optimization.
- **Consolidation review** – reviewing opportunities within the cycling marketplace that result in synergies and efficiencies for the existing business.

The Group will also continue to assess the potential acquisition of factor Holdings as announced to the ASX on the 31St of July. The Group see this potential acquisition as an exciting path to future capitalise on the related market opportunity in parallel with investigating other product lines and revenue generation initiatives.

The board and executive team are looking forward to building on the progress delivered in Q4 FY19 and to a sustainable future for the business, with significant opportunities for growth aligned to the rapidly expanding market for safety solutions in the global commuter mobility market.



Piers Lewis

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 2019.

1. Directors

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

- *Piers Lewis* — *Non-Executive Director - Appointed 29 November 2016*
- *Ben Rattigan* — *Non-Executive Director - Appointed 7 May 2019*
- *Daniel Kennedy* — *Non-Executive Director - Appointed 7 May 2019*
- *Chris Singleton* — *Acting Chief Executive Officer and Executive Chairman - Resigned 7 May 2019*
- *Mike Young* — *Non-Executive Director - Appointed 9 February 2017; Resigned 23 January 2019*
- *Cyril Daoud* — *Non-Executive Director - Appointed 17 March 2017, resigned 7 May 2019*

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	*Joint Company Secretary*	Appointed 22 February 2016
Arron Canicais	*Joint Company Secretary*	Appointed 17 March 2017

3. Principle Activities

Cycliq Group Limited ("Cycliq") produce 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 $2,890,141 (2018: $3,855,124).

5. Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2019.

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 ($69,349) at 30 June 2019 (2018: $1,651,918)

8. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of Cycliq Group Limited and its controlled entities during the financial year ended 30 June 2019

DIRECTORS' REPORT

9. Subsequent Events

Subsequent to 30 June 2019 the Group raised $740,984 through the issues of shares to existing and new shareholders.

During the financial year ended 30 June 2019, Cycliq entered into a stock funding facility with Partners For Growth.

This facility allowed Cycliq to draw funds from the facility equivalent to the value of 90% of the finished goods inventory. Funds were drawn at an annualised interest rate of 11.75%.

In addition Partners for Growth also extended a short term 'over advance' of $300,000 to assist in the repayment of debt. The 'over advance' was due for repayment in full at 30 June 2019.

$792,801 was first drawn from this facility in March 2019 and of the drawn funds $510,000 was used to repay the previous Toad Group Pty Ltd funding facility. As at 30 June 2019 Cycliq had breached certain financial covenants in relation to this facility. On the 16th July PFG & Cycliq entered into a Deed of Forbearance. This agreement extended the timeframe for the 'over advance' repayment to $100,000 due on the 12th September 2019 and $200,000 due for repayment by the 31st October 2019. As part of this agreement the covenants relating to EBITDA were renegotiated to align with the forecast for FY2020. At the date of this report, Cycliq had repaid the $100,000 due on the 12th of September. Since signing the Deed of Forbearance Cycliq have met all financial covenants. PFG were issued 67,857,143 warrants on the 18 July 2019 at an exercise price of $0.007 and an expiry date of 29 March 2026.

On the 31 July Cycliq Group Limited announced it had entered into an exclusive agreement with Factor Holdings Limited, a company registered in Taiwan, for an exclusivity period of 6 months with a 14-day termination period that commences after 1 October 2019. The purpose of this exclusivity period is to consider and assess a potential acquisition between both parties.

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

Piers Lewis – Non-Executive Chairman and Joint Company Secretary
(Appointed 22 February 2016)

Mr Lewis is a Chartered Accountant and Chartered Company Secretary with over 20 years' global corporate experience. Mr Lewis currently sits on the Digital Wine Ventures Limited, eSense Labs Limited and Manalto Limited board's 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 Ardiden 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), and is a Chartered Accountant and member of the Governance Institute of Australia.

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

DIRECTORS' REPORT

Ben Rattigan – Non-Executive Director
(Appointed 7 May 2019)

Mr Rattigan has worked in the financial services industry for over a decade and has extensive experience in capital markets as well as the structuring of corporate transactions, he holds a Bachelor of Commerce from UWA majoring in accounting and finance.

Mr Rattigan is an Investment Advisor with Merchant Group.

Mr Rattigan holds 6,262,500 fully paid ordinary shares at the date of this report. Please refer to the Remuneration report for further details.

Daniel Kennedy – Non-Executive Director
(Appointed 7 May 2019)

Mr Kennedy has 25 years business experience and currently holds the role of Chief Operating Officer for a major South East Asian listed company that operates in the Australian and South East Asian resources services sector. He has successfully developed and led a range of businesses including maintenance contracts and construction projects including manufacturing involvement in Australia and China for a number of major resource companies.

Mr Kennedy has experience investing in and advising private businesses in the manufacturing and technology areas including through to ASX listings. Daniel has been involved with the Cycliq business since the original private capital raise prior to ASX listing and continues to hold a large share holding. Being a long term shareholder who believes in the potential of the business, Daniel is invested in supporting and guiding the business moving forward.

Mr Kennedy holds 41,000,000 fully paid ordinary shares and 5,000,000 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, resigned 23 January 2019)

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.

DIRECTORS' REPORT

Cyril Daoud – Non-Executive Director

(Appointed 17 March 2017, resigned 7 May 2019)

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.

Christian (Chris) Singleton – Acting Chief Executive Officer and Executive Chairman

(Appointed 29 November 2016, resigned 7 May 2019)

Acting Chief Executive Officer and 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.

Arron Canicais – Joint Company Secretary

(Appointed 17 March 2017)

CA GIA

Mr Canicais is a corporate advisory executive of corporate advisory firm Smallcap Corporate Pty Ltd, which specialises in corporate advice and compliance administration to public companies. Mr Canicais has been involved in financial reporting and corporate compliance for over 10 years. Mr Canicais is an associate member of the Institute of Chartered Accountants and an associate member of the Governance Institute of Australia.

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	4	4
Mike Young	3	3
Cyril Daoud	3	3
Daniel Kennedy	1	1
John Turner	1	1
Ben Rattigan	1	1

DIRECTORS' REPORT

13. Options

Unissued shares under option

As at 30 June 2019, there were 99,708,930 un-issued ordinary shares of Cycliq Group Limited under option (listed or unlisted) and 67,857,143 un-issued ordinary shares of Cycliq Group Limited under warrant. The details of the options are as follows:

	Number	Exercise Price $	Expiry Date
Options approved at 2017 AGM	9,137,500	$0.03	30-Nov-2019
Options approved at 2018 AGM	49,665,670	$0.012	26-Nov-2021
Options approved at 2018 AGM	33,941,473	$0.012	17-Dec-2021
Options approved at 2019 EGM	4,642,858	$0.012	22-Jan-2022
Options approved at 2019 EGM	2,321,429	$0.012	1-May-2022
Warrants issued to Partners For Growth	67,857,143	$0.007	29-Mar-2026

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.

Reconciliation to Preliminary Results

The Following tables reconcile statutory consolidated net profit after tax to preliminary consolidated net profit after tax in Appendix 4E:

Consolidated statement of profit & loss	Appendix 4E $	Adjustments $	Statutory Financial Report $
Statutory net loss after tax*	(2,592,963)	(297,178)	(2,890,141)

The following table reconciles statutory consolidated statement of financial position to consolidated statement of financial position in Appendix 4E:

Consolidated statement of financial position	Appendix 4E $	Adjustments $	Statutory Financial Report $
Assets – Other Assets*	227,829	(297,178)	(69,349)
Equity – Accumulated Losses*	(13,331,417)	(297,178)	(13,628,595)

*The adjustment to the financial statements were due to an unearned income adjustment, provision for warranty accrual, Director fee accrual and an adjustment to the Accrued expenses post the 4E submittal.

14. Non-Audit Services

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

DIRECTORS' REPORT

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 attached to the Appendix 4G lodged on the ASX.

18. Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on the following page of this annual report.

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

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

As lead audit partner for the audit of the financial statements of Cycliq Group Limited for the financial year ended 30 June 2019, 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

Mark Delaurentis

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 30th day of September 2019

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**") (as defined in AASB 124 Related Party Disclosures) 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. The Key Management Personnel of the Group are the following Non-Executive and Executive Directors and officers of the Group.

- Piers Lewis — Non-Executive Chairman
- Ben Rattigan — Non-Executive Director
- Daniel Kennedy — Non-Executive Director
- Paul Claessen — Executive Director of subsidiary Cycliq Products Pty Ltd
- Ben Hammond — Executive Director of subsidiary Cycliq Products Pty Ltd
- Mathew Merson — Chief Financial Officer
- Mike Young — Non-Executive Director (Resigned 23 January 2019)
- John Turner — Chief Operating and Financial Officer – (Resigned 14 September 2018)
- Chris Singleton — Acting Chief Executive Officer and Executive Chairman (Resigned 7 May 2019)
- Cyril Daoud — Non-Executive Director (resigned 7 May 2019)

No other employee had authority or responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, during the financial year.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

The tables below set out the summary information about the consolidated entity's earnings and movements in shareholder wealth for the period since listing to 30 June 2019.

	2019 $	2018 $
Revenue	4,703,539	4,897,148
Net profit before tax	(2,890,141)	(3,855,124)
Net profit after tax	(2,890,141)	(3,855,124)
	2019 $	**2018 $**
Share price at the start of the year	0.013	0.020
Share price at the end of the year	0.001	0.013
Interim Dividend	-	-
Final Dividend	-	-
Basic and diluted loss per share	(0.33)	(0.50)

2019 – Consolidated Group

	Short-term benefits				Post-employment Benefits	Equity-settled share-based payments		Total	Performance Related
	Salary, fees and leave $	Profit share and bonuses $	Non-monetary $	Other $	Termination Benefits $	Equity $	Options/ Performance Shares $	Total $	
Chris Singleton*	**33,333**	-	-	-	-	32,500	1,764	67,597	2.61%
Mike Young	19,166	-	-	-	-	-	-	19,166	
Cyril Daoud	26,667	-	-	-	-	-	-	26,667	
Dan Kennedy	37,667	-	-	-	-	-	-	37,667	
Ben Rattigan	7,667	-	-	-	-	-	-	7,667	
Piers Lewis	41,674	-	-	-	-	-	-	41,674	
Other Current Key Management Personnel									
Paul Claessen	133,560	-	-	-	-	63,865	1,764	199,189	0.88%
Ben Hammond	186,020	-	-	-	-	64,400	1,764	252,184	0.69%
Mathew Merson**	10,500	-	-	-	-	-	-	10,500	
John Turner***	71,541	-	-	-	-	5627	-	77,168	
Total	567,795	-	-	-	-	166,392	5,292	739,479	

* Resigned on 7 May 2019

** Commenced 20 May 2019

*** Resigned on 14 September 2018

Chris Singleton's received a bonus of 4,642,858 shares and 2,321,429 options issued on the 1 May 2019 after obtaining shareholder approval. Furthermore Ben Hammond received 8,579,893 shares and 2,321,429 options issued on 22 January 2019. Paul Claessen received 8,596,925 shares and 2,321,429 options issued on 22 January 2019. John Turner received 535,913 shares. No other KMP's had performance based remuneration during the financial year ended 30 June 2019.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

2018 – Consolidated Group

	Short-term benefits				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	178,100	-	-	-	-	-	123,200	1,921	303,221
Mike Young	40,000	-	-	-	-	-	-	-	40,000
Cyril Daoud	40,000	-	-	-	-	-	-	-	40,000
Piers Lewis	40,000	-	-	-	-	-	-	-	40,000
Other Current Key Management Personnel									
Terence Yap	128,000	-	-	-	-	-	-	-	128,000
Kingsley Fiegert	140,492	-	-	-	12,196	-	-	(18,736)	133,952
John Turner	197,115	-	-	-	18,726	-	-	-	215,841
Total	763,707	-	-	-	30,922	-	123,200	(16,815)	901,014

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:

Piers Lewis

Mr Lewis current service agreement has been in place since his commencement of employment on 22 February 2016.

Other Details

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

Ben Rattigan

Mr Rattigan current service agreement has been in place since his commencement of employment on 7 May 2019.

Other Details

Mr Rattigan's remuneration comprises director's fees of $36,000 per annum.

Daniel Kennedy

Mr Kennedy's current service agreement has been in place since his commencement of employment on 7 May 2019.

Other Details

Mr Kennedy's remuneration comprises director's fees of $36,000 per annum.

Ben Hammond

Mr Hammond's current Executive Service Agreement has been in place since 19 August 2019. Mr Hammond commenced his engagement with the Group on 8 November 2017 as independent consultant and was appointed as Executive Director of Cycliq Products Pty Ltd on 8 May 2019. His current remuneration comprises consulting fees of $150,000 per annum and short term incentives to the value of $30,000 per annum.

Notice period and term of agreement:

The agreement may be terminated by either party by giving at least 3 months' notice. Mr Hammond is entitled to annual leave as required by law.

Paul Claessen

Mr Claessen's current Executive Service Agreement has been in place since 19 August 2019. Mr Claessen commenced his engagement with the Group on 15 May 2017 as an independent consultant and was appointed as Executive Director of Cycliq Products Pty Ltd on 8 May 2019. His current remuneration comprises consulting fees of $150,000 per annum and short term incentives to the value of $30,000 per annum.

Notice period and term of agreement:

The agreement may be terminated by either party by giving at least 3 months' notice. Mr Claessen is entitled to annual leave as required by law.

Mathew Merson

Mr Merson's current Executive Service Agreement has been in place since 26 August 2019. Mr Merson commenced his engagement with the Group in May 2019 as an independent consultant and was appointed to Chief Financial Officer in June 2019. His current remuneration comprises consulting fees of $150,000 per annum and short term incentives to the value of $30,000 per annum.

Notice period and term of agreement:

The agreement may be terminated by either party by giving at least 3 months' notice. Mr Merson is entitled to annual leave as required by law.

4. Share-based Remuneration

Shares issued to key management personnel

Chris Singleton received a bonus of 4,642,858 shares and 2,321,429 options issued on the 1 May 2019 after obtaining shareholder approval. Options issued @ $0.012 with expiry date 01/05/22. On 1 May 2019 The Toad Group, an entity related to Chris Singleton, received 9,832,429 shares in lieu of cash settlement of outstanding interest owed from the Company to The Toad Group as part of the loan facility provided by The Toad Group to the Company that was settled.

Ben Hammond received 8,579,893 shares and 2,321,429 options issued on 22 January 2019. Paul Claessen received 8,596,925 shares and 2,321,429 options issued on 22 January 2019. Paul Claessen and Ben Hammond each received a bonus of 4,642,858 shares and 2,321,429 options issued on 22 January 2019. Options issued @ $0.012 with expiry date 22/01/22.

John Turner received 535,913 shares issued on the 11 oct 2018 as part of his remuneration.

No other KMP's had performance based remuneration during the financial year ended 30 June 2019.

Performance shares

There has been no change to the valuation methodology applied to 10,000,000 performance shares issued to employees and consultants in previous periods. The performance milestones and valuation methodology are outlined in the notes to the 30 June 2017 consolidated financial statements.

Options

There were 6,964,287 (2018: Nil) new options over ordinary shares issued during the period.

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

During the financial year the following options were granted:

Name	Option Series	No Granted	No vested	% of grant vested	% of grant forfeited
Chris Singleton		2,321,429	2,321,429	100%	n/a
Paul Claessen		2,321,429	2,321,429	100%	n/a
Ben Hammond		2,321,429	2,321,429	100%	n/a

5. Key Management Personnel Equity Holdings

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

2019 - Group	Opening balance No.	Received during the year as remuneration No.	Other changes during the year No.	Consolidation of share capital No.	Balance at end of year No
Chris Singleton	8,100,000	4,642,857	9,832,429	-	22,575,286
Mike Young	-	-	-	-	-
Ben Rattigan	4,175,000	-	-	-	4,175,000
Cyril Daoud	-	-	-	-	-
Piers Lewis	459,157	-	-	-	459,157
Daniel Kennedy	41,000,000	-	-	-	41,000,000
Ben Hammond	844,467	8,579,893	-		9,424,360
John Turner	1,000,000	535,913	-	-	1,535,913
Mathew Merson	-	-	-	-	-
Paul Claessen	1,119,755	9,596,925	-	-	10,716,680
	56,698,379	23,355,588	9,832,429	-	89,886,396

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

2018 - Group	Opening balance No.	Received during the year as remuneration No.	Other changes during the year No.	Consolidation of share capital No.	Balance at end of year No
Chris Singleton	-	5,600,000	2,500,000	-	8,100,000
Mike Young	-	-	-	-	-
Kingsley Fiegert	7,610,539	-	-	-	7,610,539
Cyril Daoud	-	-	-	-	-
Piers Lewis	459,157	-	-	-	459,157
Terence Yap	-	-	-	-	-
John Turner	1,000,000	-	-	-	1,000,000
	9,069,696	5,600,000	2,500,000	-	17,169,696

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

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

2019 - Group	Opening balance No.	Granted as remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Consolidation of share capital No.	Balance at end of year No.	Vested and Exercisable
Chris Singleton	2,150,000	2,321,429	-	(1,612,500)	-	2,858,929	-
Dan Kennedy	5,000,000	-	-	-	-	5,000,000	-
Cyril Daoud	-	-	-	-	-	-	-
Piers Lewis	-	-	-	-	-	-	-
Ben Hammond	-	2,321,429	-	-	-	2,321,429	-
Paul Claessen	-	2,321,429	-	-	-	2,321,429	
Mathew Merson	-	-	-	-	-	-	-
	7,150,000	6,964,287	-	(1,612,500)	-	12,501,787	

Balances at end of year represents Key Management Personnel's interests as of their respective resignation dates. Please refer "Details of Board Remuneration", above, for resignation dates.

2018 - Group	Opening balance No.	Granted as remuneration during the year No.	Exercised during the year No.	Other changes during the year No.	Consolidation of share capital No.	Balance at end of year No.	Vested and Exercisable
Chris Singleton	2,150,000	-	-	-	-	2,150,000	537,500
Mike Young	-	-	-	-	-	-	-
Kingsley Fiegert	21,850,000	-	-	(12,900,000)	-	8,950,000	4,300,000
Andrew Hagen	-	-	-	-	-	-	-
Cyril Daoud	-	-	-	-	-	-	-
Piers Lewis	-	-	-	-	-	-	-
	24,000,000	-	-	(12,900,000)	-	11,100,000	4,837,500

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 2019 (2018: NIL)

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Loan from Key Management Personnel

During the financial year ended 30 June 2018, a trade finance facility was put in place with a group of shareholders to provide a total facility limit of $1.5m as at 30 June 2018. The Board had pre-approved an extension of this facility to be negotiated with shareholders for an additional $500,000 as and when necessary. Of the $1.5m facility limit at 30 June 2018, $1m of this was provided by The Toad Group Pty Ltd, a related entity of Executive Chairman, Chris Singleton. As at 30 June 2018, $510,000 of the available balance was drawn down at an annualized interest rate of 16% p.a, all of which was provided by The Toad Group Pty Ltd.

The parties to the loan facility agreement shall receive equal ranking first priority general security interest over the business assets of Cycliq Products Pty Ltd – being the operating subsidiary of Cycliq Group Ltd.

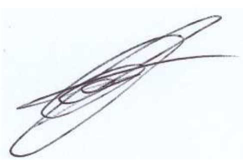
On 1 May 2019 the Company settled the outstanding principle of $510,000 and issued 9,832,429 shares for a value of $68,827 to settle outstanding interest owed on the facility provided by The Toad Group. In addition to this Mr Singleton has an outstanding balance of wages and travel expenses of $140,000 (2018: $128,000)

transactions with Key Management Personnel or their Related Parties	2019 $	2018 $
All transactions with related parties are on commercial terms and under conditions no more favorable than those available to other parties unless otherwise stated.		
Related entity:		
SmallCap Corporate Pty Ltd – Corporate secretarial services (accrued) – (Piers Lewis)	95,505	35,339
Toad Group Pty Ltd – Accrued interest on trade finance facility (Chris Singleton)	54,340	14,687
Directors' spouses (Chris Singleton) were employed within the business during the period via Bunk Marketing Consulting Services	-	152,679
	149,845	202,705

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.

Piers Lewis



Chairman

Dated this Monday, 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	2	4,703,539	4,897,148
Cost of Sales		(3,366,624)	(3,313,729)
Gross Profit		1,336,915	1,583,419
Other income	2	391,082	366,504
Administrative expenses		(200,044)	(156,046)
Distribution expenses		(642,142)	(1,070,690)
Depreciation and amortisation	3	(490,409)	(677,886)
Employment costs	3	(2,466,002)	(2,407,818)
Finance costs		(91,946)	(16,196)
Impairment		(9,656)	-
Legal and consulting fees		(189,229)	(316,513)
Occupancy costs		(86,601)	(51,518)
Other operating expenses		(277,732)	(348,002)
Share-based payments	18	(121,193)	(671,303)
Research and development expenses		(43,184)	(89,075)
Loss before income tax		(2,890,141)	(3,855,124)
Income tax benefit / (expense)	5	-	-
Loss from continuing operations		(2,890,141)	(3,855,124)
▸ *Profit/ (loss) attributable to minority interests*		(28,871)	(13,659)
▸ *Profit/ (loss) attributable to members of the parent entity*		(2,861,270)	(3,841,465)
		(2,890,141)	(3,855,124)
Other comprehensive income, net of income tax			
▸ *Exchange difference on translating foreign operations attributable to Parent*		(26,196)	12,430
Other comprehensive income for the year, net of tax		(26,196)	12,430
Total comprehensive income / (loss)		(2,916,337)	(3,842,694)
▸ *Profit/ (loss) attributable to minority interests*		(28,871)	(13,659)
▸ *Profit/ (loss) attributable to members of the parent entity*		(2,887,466)	(3,829,035)
		(2,916,337)	(3,842,694)
Earnings per share:			
Basic and diluted loss per share (cents per share)		(0.33)	(0.50)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	7	379,179	315,046
Trade and other receivables	8	202,843	789,540
Inventories	11	530,673	727,348
Prepayments		606,026	411,180
Total current assets		1,718,721	2,243,114
Non-current assets			
Plant and equipment	9	94,321	219,466
Intangible assets	10	253,752	573,137
Total non-current assets		348,073	792,603
Total assets		2,066,794	3,035,717
Current liabilities			
Trade and other payables	13	1,079,960	723,722
Provisions	14	230,682	124,170
Borrowings	15	825,501	535,907
Total current liabilities		2,136,143	1,383,799
Total liabilities		2,136,143	1,383,799
Net assets / (deficiency)		**(69,349)**	**1,651,918**
Equity			
Issued capital	16	13,295,243	12,122,191
Reserves	17	306,533	310,711
Accumulated losses		(13,628,595)	(10,767,325)
Parent entity interest		**(26,819)**	**1,665,577**
Minority interest		**(42,530)**	**(13,659)**
Total equity		**(69,349)**	**1,651,918**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Minority Interests $	Total $
Balance at 1 July 2017		11,412,975	(6,925,860)	46,366	223,811	-	4,757,292
Loss for the year attributable owners of the parent		-	(3,841,465)	-	-	(13,659)	(3,855,124)
Other comprehensive income:							
Foreign exchange gains / (loss) on consolidation		-	-	12,430	-	-	12,430
Total comprehensive income for the year attributable owners of the parent		-	(3,841,465)	12,430	-	(13,659)	(3,842,694)
Transaction with owners, directly in equity							
Shares issued during the year		709,216	-	-	-	-	709,216
Performance shares issued		-	-	-	28,103	-	28,103
Transaction costs		-	-	-	-	-	-
Balance at 30 June 2018		**12,122,191**	**(10,767,325)**	**58,796**	**251,915**	**(13,659)**	**1,651,918**
Balance at 1 July 2018		12,122,191	(10,767,325)	58,796	251,915	(13,659)	**1,651,918**
Loss for the year attributable owners of the parent		-	(2,861,270)	-	-	(28,871)	(2,890,141)
Other comprehensive income:							
Foreign exchange gains / (loss) on consolidation		-	-	(26,196)	-	-	(26,196)
Total comprehensive income for the year attributable owners of the parent		-	(2,861,270)	(26,196)	-	(28,871)	(2,916,337)
Transaction with owners, directly in equity							
Shares issued during the year	16a	1,305,569	-	-	-	-	1,305,569
Performance shares issued		-	-	-	22,018	-	22,019
Transaction costs		(132,517)	-	-	-	-	(132,517)
Balance at 30 June 2019		**13,295,243**	**(13,628,595)**	**32,600**	**273,933**	**(42,530)**	**(69,349)**

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

*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		4,957,877	4,637,215
Other income		647,249	64,334
Interest Paid		(37,606)	
Payments to suppliers and employees		(6,733,242)	(7,574,304)
Net cash used in operating activities	7a	(1,165,722)	(2,872,755)
Cash flows from investing activities			
Purchase of businesses, net of cash acquired		-	-
Purchase of intangible assets		(37,429)	(547,755)
Purchases of property, plant and equipment		(23,726)	(20,272)
Net cash used in investing activities		(61,155)	(568,027)
Cash flows from financing activities			
Proceeds from issue of shares		1,101,000	-
Payments for share issue costs		(111,702)	-
Repayment of borrowings		308,428	(17,779)
Proceeds from borrowings		(47,009)	535,907
Net cash provided by financing activities		1,250,717	518,128
Net increase/(decrease) in cash held		23,840	(2,922,654)
Effects of exchange rate changes on the balance of cash held in foreign currencies		40,293	(16,272)
Cash at beginning of year		315,046	3,253,972
Cash at end of year	7	379,179	315,046

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 2019

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 30 September 2019 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

iii. Going Concern

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

As at 30 June 2019 the Group made a loss of $2,890,141 (2018 – $3,855,124) and had net assets of ($69,349) (2018 - $1,651,918) and a working capital deficit of $417,422. These factors indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The directors have prepared a cashflow forecast which indicates that the group will have sufficient cashflows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report.

The Directors are confident of the Group's ability to continue as a going concern for the following reasons:

- The demonstrated ability to contain costs in all areas of the business. Management expect that operating costs will be further reduced in the succeeding financial years which will improve operating cashflows;
- Management have prepared a cashflow forecast for the next 12 months that indicates the operating cash inflows will be sufficient to meet expenses and other financial obligations as an when they are due;
- The market opportunity is significant which the group is continuing to generate increasing revenue from. The Group is expecting to launch complimentary products in the succeeding financial years to help expand into this market opportunity;
- The demonstrated ability to obtain loans to support business activities;
- Subsequent to 30 June 2019 the gross margins have improved further assisting generation of cash;
- Subsequent to 30 June 2019 the Group raised $740,984 through the issues of shares to existing and new shareholders;
- Subsequent to June 30 and in line with the notes relating to Note 15, key financial requirements (particularly the extension of time to pay down the 'over advance') have been renegotiated favorably. Additionally the financial covenants of this facility have been renegotiated to align with forward forecasts.
- The ability to raise capital or loans from shareholders or related parties.

Based on the above conditions, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

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.

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. 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 1o.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

v. Comparative figures

Where required by AASBs comparative (2018) 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 acquire; 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

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 12 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, than 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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 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.

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 (impairment losses are discussed further in note 1j.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

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.

	2019 %	2018 %
Countertop Display advertising units	50%	50%
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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

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

Initial recognition and measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming the market participants acts in their economic best interests.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables 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 and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

ii. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The consolidated entity does not trade or hold derivatives.

Financial guarantees
The consolidated entity has no material financial guarantees.

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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 1c) 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.

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 1m Goods and Services Tax).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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: 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.

iii. 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.

iv. 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.

v. Key estimate: Share-based payments

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate mathematical formula based on Black-Scholes option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares. Details of share-based payments assumptions are detailed in Note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

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) Accounting Standards that are mandatorily effective for the current reporting year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 *Financial Instruments* and related amending Standards
- AASB 15 *Revenue from Contracts with Customers* and related amending Standards
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives however there was no material impact on adoption of the standard.

Additionally, the Group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures*.

In summary AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018.

This standard provides a single standard for revenue recognition. The core principle of the standard is that an entity must 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 those goods or services. The standard requires: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity must select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

The entity has assessed the requirements of AASB 15, and analysed the effect this has on revenue recognition however there was no material impact on adoption of the standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

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. Refer to note 25 for the table for the Groups lease commitments.

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 2019

NOTE 2 REVENUE AND OTHER INCOME

	2019 $	2018 $
a) Revenue		
Fly 12 sales	9,562	1,125,657
Fl y6 sales	18,014	977,653
Fly 12CE sales	2,297,585	1,414,262
Fly 6CE sales	2,031,738	1,232,413
Other accessories sales	346,640	147,163
	4,703,539	4,897,148
b) Other Income		
Interest Income	177	3,739
Grant income	345,433	362,765
Other Income	45,472	-
	391,082	366,504

NOTE 3 PROFIT / (LOSS) BEFORE INCOME TAX

	2019 $	2018 $
The following significant revenue and expense items are relevant in explaining the financial performance:		
Depreciation and amortisation		
Depreciation of property, plant and equipment	148,871	288,396
Amortisation of intangible assets	341,538	389,490
	490,409	677,886
Employment costs		
Key management personnel remuneration	708,519	635,707
General wages, salaries and superannuation	871,542	871,214
Other employment related costs	885,941	900,897
	2,466,002	2,407,818

NOTE 4 AUDITORS REMUNERATION

	2019 $	2018 $
Auditing or reviewing the financial reports		
Bentleys	47,000	41,698
	47,000	41,698

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 5 INCOME TAX

	2019 $	2018 $
a) Income tax expense / (benefit)		
Current tax (benefit) / expense	-	-
Deferred tax expense / (benefit)	-	-
	-	-
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	(2,890,141)	(3,855,124)
Australian tax rate %	27.5	27.5
Tax amount at the Australian tax rate	(794,789)	(1,060,159)
Add / (Less) the tax effect of:		
▸ Non-deductible expenses	38,120	193,210
▸ Non-taxable income	(76,553)	(82,425)
▸ Effect of unrecognised temporary difference	(6,869)	(18,508)
▸ Deferred tax asset not brought to account	840,091	967,882
Total income tax expense/ (benefit)	-	-
c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Unrealised foreign exchange losses	4,866	7,080
Employee benefits	14,945	11,664
Accrued expenses	7,150	7,268
Other provisions	62,864	23,485
Property, Plant and Equipment	82,333	11,705
Capital raising costs	132,336	157,976
Tax losses	2,858,974	2,184,273
Total deferred tax assets	3,163,468	2,403,451
Set-off deferred tax liabilities pursuant to set-off provisions	-	(11,521)
Less deferred tax assets not recognised	(3,163,468)	(2,391,930)
Net deferred tax assets	-	-
d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Accrued income	-	-
Prepayments	-	9,892
Unrealised foreign exchange gain	-	1,629
Total deferred tax liabilities	-	11,521
Set-off deferred tax liabilities pursuant to set-off provisions	-	(11,521)
Net deferred tax liabilities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 6 EARNINGS PER SHARE (EPS)

	2019 $	2018 $
a) Reconciliation of earnings to profit or loss		
Loss used in the calculation of basic and diluted EPS	(2,890,141)	(3,841,465)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	885,019,467	761,945,230
Basic EPS (cents per share)	(0.33)	(0.50)

b) 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 2019 financial year, the Group had 167,566,073 unissued shares under option that were "out of the money" which were anti-dilutive (June 2018: 10,750,000).

NOTE 7 CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	379,179	315,046
	379,179	315,046
a) Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(2,890,141)	(3,855,124)
Non-cash flows in profit from ordinary activities:		
▸ Depreciation	490,409	677,886
▸ Impairment	9,656	-
▸ Accrued intertest – Trade finance facility	-	14,486
▸ Accrued employee, contractor and ambassador fees	46,701	333,705
▸ Share-based payments expense	121,193	737,319
▸ Accrued grant income	-	(300,460)
▸ Provision for unearned income	54,893	-
▸ Foreign currency gains/ (losses)	(26,196)	28,703
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
▸ (Increase)/decrease in trade and other receivables	563,187	(142,204)
▸ (Increase)/decrease in inventories	196,672	(267,697)
▸ Increase/(decrease) in trade and other payables and accruals	356,238	(65,754)
▸ Increase/(decrease) in provisions	106,512	(33,616)
▸ Increase/(decrease) in prepayments	(194,846)	-
Cash flow from operations	1,165,722	(2,872,755)

b) **Credit standby facilities**

The Group has no credit standby facilities (2018: None).

Refer to Note 15 for details of Trade Finance facility entered into during the financial year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 8 TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Current		
Trade debtors	186,014	388,141
Less: provision for Doubtful debts	(28,313)	-
Accrued income receivable	5,405	28,915
Research and Development tax refund receivable	17,706	300,460
Other receivables	2,767	11,445
Goods and Services Tax receivable	19,264	60,579
	202,843	789,540

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23 Financial risk management. General terms for debtors are 30 days from invoice date.

NOTE 9 PROPERTY, PLANT & EQUIPMENT

	2019 $	2018 $
Non-current		
Computer equipment at cost	58,568	47,310
Accumulated depreciation	(42,229)	(25,598)
	16,339	21,712
Office furniture and equipment at cost	40,049	43,989
Accumulated depreciation	(28,693)	(28,435)
	11,356	15,554
Leasehold Improvements	3,433	3,433
Accumulated depreciation	(2,850)	(1,133)
	583	2,300
Point of Presence countertop display units at cost	513,825	503,367
Accumulated depreciation	(447,782)	(323,466)
	66,043	179,901
Total property, plant, and equipment	**94,321**	**219,466**

For the year ended 30 June 2019

NOTE 10 INTANGIBLE ASSETS

	2019 $	2018 $
Non-current		
Product development costs	1,200,960	1,169,151
Accumulated amortisation	(937,552)	(596,014)
Impairment	(9,656)	-
	253,752	573,137
Total Intangible assets	253,752	573,137
Movements for the year		
Opening balance	573,137	414,873
Additions from internal developments	31,809	547,754
Amortisation	(341,538)	(389,490)
Impairment	(9,656)	-
Closing balance	253,752	573,137

NOTE 11 INVENTORIES

	2019 $	2018 $
Stock on hand at cost	530,673	727,348
Total Inventory assets	530,673	727,348

NOTE 12 CONTROLLED ENTITIES

a) **Legal parent entity**

Cycliq Group Limited is the ultimate parent of the Group

i. **Legal subsidiaries**	Country of Incorporation	Class of Shares	Percentage Owned 30 June 2019	Percentage Owned 30 June 2018
- Cycliq Products Pty Ltd	Australia	Ordinary	100%	100%
- Cycliq Research and Development (HK) Ltd*	Hong Kong	Ordinary	50%	50%

b) **Accounting parent entity**

Cycliq Products Pty Ltd is the accounting parent of the Group

ii. **Accounting subsidiaries**	Country of Incorporation	Class of Shares	Percentage Controlled 30 June 2019	Percentage Controlled 30 June 2018
- Cycliq Group Limited	Australia	Ordinary	100%	100%
- Cycliq Research and Development (HK) Ltd*	Hong Kong	Ordinary	50%	50%

*- Cycliq Research and Development (HK) Ltd was incorporated on the 14th of November 2017 with 50-50 shareholdings by Cycliq Group Limited and Glory Horse Investment Holdings Limited, but controlled by Cycliq Group Limited

a. Investments in subsidiaries are accounted for at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 13 TRADE AND OTHER PAYABLES

	2019 $	2018 $
Current		
Unsecured		
Trade payables	539,556	268,555
Accrued expenses	301,268	323,102
Other payables	239,136	132,065
	1,079,960	723,722

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 23 Financial risk management.

NOTE 14 PROVISIONS

	2019 $	2018 $
Current		
Provision for current employee benefits	30,399	33,504
Provision for warranty claims*	145,390	85,399
Provision for unearned income	54,893	5,267
	230,682	124,170

*Refer note 1o(iii) for further details on warranty provision calculations.

NOTE 15 BORROWINGS

	2019 $	2018 $
Current		
Insurance premium funding	32,700	25,907
Trade Finance Facility	-	510,000
Stock Funding Facility - PFG*	792,801	-
	825,501	535,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 15 BORROWINGS CONTINUED

Reconciliation of liabilities arising from financing activities

	1 July 2018 $	Cash flows $	Non-cash changes Equity $	Non-cash changes Other $	30 June 2019 $
Advance	510,000	-	-	-	-
Proceeds from borrowing	-	818,428	-	-	-
Repayment of borrowing	-	(510,000)	-	(25,627)	-
Total	510,000	308,428	-	(25,627)	792,801

* During the financial year ended 30 June 2019, Cycliq entered into a stock funding facility with Partners For Growth.

This facility allowed Cycliq to draw funds from the facility equivalent to the value of 90% of the finished goods inventory. Funds were drawn at an annualised interest rate of 11.75%.

In addition Partners for Growth also extended a short term 'over advance' of $300,000 to assist in the repayment of debt. The 'over advance' was due for repayment in full at 30 June 2019.

$792,801 was first drawn from this facility in March 2019 and of the drawn funds $510,000 was used to repay the previous Toad Group Pty Ltd funding facility. As at 30 June 2019 Cycliq had breached certain financial covenants in relation to this facility. On the 16th July PFG & Cycliq entered into a Deed of Forbearance. This agreement extended the timeframe for the 'over advance' repayment to $100,000 due on the 12th September 2019 and $200,000 due for repayment by the 31st October 2019. As part of this agreement the covenants relating to EBITDA were renegotiated to align with the forecast for FY2020. At the date of this report, Cycliq had repaid the $100,000 due on the 12th of September. Since signing the Deed of Forbearance Cycliq have met all financial covenants.

NOTE 16 ISSUED CAPITAL

	2019 No.	2018 No.	2019 $	2018 $
Fully paid ordinary shares at no par value	971,968,130	741,433,530	13,295,243	11,412,975
a) Ordinary shares				
At the beginning of the period	779,784,490	741,433,530	12,122,191	11,412,975
Shares Issued during the period				
- Issue of shares	157,214,284	-	1,100,500	-
Shares issued for payment of interest	9,832,429	-	29,498	-
▸ Shares issued to Glory Horse Investment Holding Limited	-	28,409,091		500,000
▸ Shares issued to key management personnel	13,928,571	5,600,000	78,257	123,200
▸ Shares issued to consultants & Employees of the Company	11,208,356	4,341,869	97,314	88,016
Transaction costs relating to share issues	-	-	(132,517)	(2,000)
At reporting date	971,968,130	779,784,490	13,295,243	12,122,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 16 ISSUED CAPITAL CONTINUED

b) Options

	2019 No.	2018 No.
Unlisted options on issue at balance date	167,566,073	36,550,000
At the beginning of the period	10,750,000	36,550,000
- Options Granted *	90,571,430	-
- Forfeited	-	(25,800,000)
- Exercised	-	-
- Expired	-	-
Balance	101,321,430	10,750,000
Options exercisable at balance date	101,321,430	9,137,500

The weighted average Exercise price of options on issue at balance date is $0.01 (2018: $0.03)

*Cycliq Research and Development (HK) Ltd was incorporated on the 14th of November 2017 with 50-50 shareholdings by Cycliq Group Limited and Glory Horse Investment Holdings Limited, but controlled by Cycliq Group Limited. As part of the contractual agreement between Cycliq Group Limited and Glory Horse Investment Holdings Limited, Thompson & Kenneth Cheung - the founding shareholders of Glory Horse Industries Limited - hold a right to be issued up to a maximum of 200 million of Cycliq's Ordinary shares at a 20% discount to Cycliq's previous 5-day volume weighted average share price, to a maximum holding of no more than 19.9%, valid for a period of 3 years commencing from the date of the signing of the shareholder agreement, 10 November 2017. Should this option be exercised Cycliq Group Limited will be required to seek shareholder approval to issue the shares via a general meeting. As at the date of this report Thompson & Kenneth Cheung have not sought to exercise this right and no value has been assigned to it in the 30 June 2019 accounts of Cycliq Group Limited as approval for issue of the shares is subject to shareholder approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

c) Capital Management

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

		2019 $	2018 $
Cash and cash equivalents	7	379,179	315,046
Trade and other receivables	8	202,843	789,540
Inventories		530,673	727,348
Other current assets		606,026	411,180
Trade and other payables	13	(1,079,960)	(723,722)
Short-term provisions	14	(230,682)	(124,170)
Short-term borrowings	15	(825,501)	(535,907)
Working capital position		(417,422)	859,315

NOTE 17 RESERVES

	2019 $	2018 $
Foreign currency translation reserve	32,600	58,796
Share based payment reserve (Options)	133,933	111,915
Share Based payment reserve (Performance shares)	140,000	140,000
Total reserves	306,533	310,711

For details regarding share-based payments during the period, please refer Note 18 Share Based Payments

NOTE 18 SHARE BASED PAYMENTS

The following share-based payments were made during the year ended 30 June 2019.

a) Shares issued to employees
1,428,556 fully paid ordinary shares were issued to Lukas Calik as part of his remuneration during the period at a fair value of $9,775.
547,445 fully paid ordinary shares were issued to Jeroen Van Zon as part of his remuneration during the period at a fair value of $7,500.
805,137 fully paid ordinary shares were issued to Neil Finney as part of his remuneration during the period at a fair value of $10,761 .

b) Shares issued to key management personnel
4,642,857 fully paid ordinary shares were issued to director, Chris Singleton during the period. The fair value of the ordinary shares issued was$32,500.

c) Shares issued to key management personnel
8,579,893 fully paid ordinary shares were issued to Ben Hammond in lieu of cash bonus payments and for services provided as part of his remuneration package. The fair value of the ordinary shares issued was $63,865.

8,596,925 fully paid ordinary shares were issued to Paul Claessen in lieu of cash bonus payments and for services provided as part of his remuneration package. The fair value of the ordinary shares issued was $64,400.

535,913 fully paid ordinary shares were issued to John Turner as part of his remuneration during the period. The fair value of the ordinary shares issued was $5,627.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

d) Options

The following options were issued during the financial year.

Unlisted Share options								
Grant Date Exercise Price	Option grant detail of issue	Exercise Price	Share Price at date of issue	Expected Volatility	Expiry date	Risk free interest rate	Value per option	Number of options
0.012	28 Nov 2018	0.012	0.006	81.33%	28 Nov 2021	1.94%	0.0021	5,000,000
0.012	22 Jan 2019	0.012	0.004	83.40%	22 Jan 2022	1.85%	0.0013	4,642,858
0.012	30 Apr 2019	0.012	0.003	99.42%	01 May 2022	1.32%	0.0008	2,321,429
0.012	30 Apr 2019	0.012	0.003	99.42%	01 May 2022	1.32%	0.0008	2,321,429

Refer to Note 16(b) above for details of a right to purchase ordinary shares included in the contractual shareholder agreement between Cycliq Group Limited and Glory Horse Investment Holdings Limited.

e) Performance shares

There has been no change to the valuation methodology applied to 10,000,000 performance shares issued to employees and consultants in previous periods. The performance milestones and valuation methodology are outlined in the notes to the 30 June 2017 consolidated financial statements.

NOTE 19 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, Resigned 7 May 2019
- Mike Young - Non-Executive Director appointed 9 February 2017
- Cyril Daoud - Non-Executive Director appointed 17 March 2017, Resigned 7 May 2019
- Piers Lewis - Non-Executive director and joint company secretary appointed 29 November 2016
- Dan Kennedy – Non-Executive Director – Appointed 7 May 2019
- Ben Rattigan– Non-Executive Director – Appointed 7 may 2019
- Paul Claessen – Co-Chief Executive Office
- Ben Hammond – Co-Chief Executive Officer
- Mathew Merson – Chief Financial Officer – Commenced 20 May 2019
- John Turner - Chief Financial Officer- resigned 14 September 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 19 KEY MANAGEMENT PERSONNEL COMPENSATION CONTINUED

	2019 $	2018 $
Short-term employee benefits	567,796	763,707
Other short-term benefits	-	-
Post-employment benefits	5,292	30,922
Share-based payments[1]	166,392	106,385
Other long-term benefits	-	-
Termination benefits	-	-
Total	739,479	901,014

[1]Refer to Note 18 for full details

NOTE 20 RELATED PARTY TRANSACTIONS

	2019 $	2018 $
All transactions with related parties are on commercial terms and under conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with other related entities:		
SmallCap Corporate Pty Ltd – Corporate secretarial services (Piers Lewis)	95,905	35,339
Toad Group Pty Ltd – Accrued interest on trade finance facility* (Chris Singleton)	54,340	14,687
Directors' spouses were employed within the business during the period via Bunk Marketing Consulting Services	-	152,679

* During the financial year ended 30 June 2018, a trade finance facility was put in place with a group of shareholders to provide a total facility limit of $1.5m as at 30 June 2018. The Board had pre-approved an extension of this facility to be negotiated with shareholders for an additional $500,000 as and when necessary. Of the $1.5m facility limit at 30 June 2018, $1m of this was provided by The Toad Group Pty Ltd, a related entity of Executive Chairman, Chris Singleton. As at 30 June 2018, $510,000 of the available balance was drawn down at an annualized interest rate of 16% p.a, all of which was provided by The Toad Group Pty Ltd.

Amounts owing of $510,000 to the Toad Group Pty Ltd. In addition to this Mr Singleton has an outstanding balance of wages and travel expenses of $140,000 (2018: $128,000)

NOTE 21 CONTINGENT LIABILITIES

There were no contingent liabilities not recognised in the financial statements of the parent entity and the consolidated entity as at 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 22 OPERATING SEGMENTS

a) Identification of reportable segments

The Group operates predominantly in the technology industry, manufacturing HD Bike Cameras & Safety lights.

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.

Year ended 30 June 2019	USA $	Australia $	UK $	Other $	Total $
Revenue					
Revenue	2,228,621	705,743	1,110,551	658,624	4,703,539
Total Segment Revenue	2,228,621	705,743	1,110,551	658,624	4,703,539
Segment net profit / (loss) from continuing operations before tax	633,454	200,598	315,659	187,204	1,336,915
Reconciliation of segment profit / (loss) to group profit / (loss):					
Amounts not included in segment results but reviewed by the board:					
Other income					391,082
Administrative expenses					(200,044)
Distribution expenses					(642,142)
Depreciation and amortisation					(490,409)
Employment costs					(2,466,002)
Finance costs					(91,946)
Impairment					(9,656)
Legal and consulting fees					(189,229)
Occupancy costs					(86,601)
Other operating expenses					(277,732)
Share-based payments					(121,193)
Research and development expenses					(43,184)
Corporate transaction accounting expense					-
Net (loss)/profit for the year					(2,890,141)
Segment Assets	24,405	71,878	341	-	96,624
Reconciliation of segment assets to group assets:					
Unallocated assets					1,970,170
Total Assets					2,066,794
Segment Liabilities	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities:					
Unallocated liabilities					2,136,153
Total Liabilities					2,136,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 22 OPERATING SEGMENTS (CONTINUED)

Year ended 30 June 2018	USA $	Australia $	UK $	Other $	Total $
Revenue					
Revenue	1,472,916	1,156,710	1,725,558	541,964	4,897,148
Total Segment Revenue	1,472,916	1,156,710	1,725,558	541,964	4,897,148
Segment net profit / (loss) from continuing operations before tax	476,245	374,005	557,933	175,236	1,583,419
Reconciliation of segment profit / (loss) to group profit / (loss):					
Amounts not included in segment results but reviewed by the board:					
Other income					366,504
Administrative expenses					(156,046)
Distribution expenses					(1,070,690)
Depreciation and amortisation					(677,886)
Employment costs					(2,407,818)
Finance costs					(16,196)
Impairment					-
Legal and consulting fees					(316,513)
Occupancy costs					(51,518)
Other operating expenses					(348,002)
Share-based payments					(671,303)
Research and development expenses					(89,075)
Corporate transaction accounting expense					-
Net (loss)/profit for the year					(3,855,124)
Segment Assets	13,497	-	251,699	-	265,196
Reconciliation of segment assets to group assets:					
Unallocated assets					2,770,521
Total Assets					3,035,717
Segment Liabilities	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities:					
Unallocated liabilities					1,383,799
Total Liabilities					1,383,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 23 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 $	2019 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	2018 Total $
Financial Assets								
Cash and cash equivalents	379,179	-	-	379,179	315,046	-	-	315,046
Trade and other receivables	-	-	202,843	202,843	-	-	448,721	448,721
Financial assets	-	-	-	-	-	-	-	-
Total Financial Assets	379,179	-	202,843	582,022	315,046	-	448,721	763,767
Financial Liabilities								
Current								
Trade and other payables	-	-	646,283	646,283	-	-	400,270	400,270
Short-term borrowings	32,700	792,801	-	825,501	25,907	510,000	-	535,907
Total Current Financial Liabilities	32,700	792,801	646,283	1,471,784	25,907	510,000	400,270	936,177
Total Financial Liabilities	32,700	792,801	646,283	1,471,784	25,907	510,000	400,270	936,177
Net Financial Assets	**346,479**	**(792,801)**	**(443,440)**	**(889,762)**	**289,139**	**(510,000)**	**48,451**	**(172,410)**

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 2019

NOTE 23 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:

	2019 Gross $	2019 Impaired $	2018 Gross $	2018 Past due but not impaired $
Trade receivables				
Not past due	151,428	-	388,141	-
Past due up to 3 months	2,633	-	-	-
Past due over 3 months	31,953	-	-	-
	186,014			
Other receivables				
Not past due	16,829	-	60,580	-
Total trade and other receivables	202,843	-	448,721	-

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 2019

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

	WITHIN 1 YEAR		GREATER THAN 1 YEAR		TOTAL	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
Financial Assets						
Cash and cash equivalents	379,179	315,046	-	-	379,179	315,046
Trade and other receivables	202,843	448,721	-	-	202,843	448,721
Total anticipated inflows	582,022	763,767	-	-	582,022	763,767
Financial Liabilities						
Trade and other payables	646,283	400,270	-	-	646,283	400,270
Borrowings	825,501	535,907	-	-	825,501	535,907
Total contractual outflows	1,471,784	936,177	-	-	1,471,784	936,177
Net (outflow) / inflow from financial instruments	**(889,762)**	**(172,410)**	**-**	**-**	**(889,762)**	**(172,410)**

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 naturally hedged with material trade and other receivables and trade and other payables both being held in USD.

- *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	
	2019 $	2018 $	2019 $	2018 $
± 100 basis points change in interest rates	3,471	-	3,471	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

v. Net fair values

The fair values of financial assets and financial liabilities are presented in the table in this note and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

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.

NOTE 24 PARENT ENTITY DISCLOSURES

	2019 $	2018 $
a) Financial position of Cycliq Group Limited (Legal Parent Only)		
Current assets		
Cash and cash equivalents	14,961	8,118
Trade and other receivables	19,680	29,090
Other current assets	-	-
Total current assets	34,641	37,208
Non-current assets		
Property plant and Equipment	-	-
Total non-current assets	34,641	37,208
Total assets	34,641	37,208
Current liabilities		
Trade and other payables	367,220	193,115
Short-term borrowings	-	-
Total current liabilities	367,220	193,115
Total liabilities	367,220	193,115
Net assets	(330,579)	(155,907)
Equity		
Issued capital	84,936,668	83,763,615
Reserves	226,932	204,914
Accumulated losses	(85,496,179)	(84,124,436)
Total equity	(330,579)	(155,907)
b) Financial performance of Cycliq Group Limited (Legal Parent Only)		
Profit / (loss) for the year	(1,371,743)	(3,668,754)
Other comprehensive income	-	-
Total comprehensive income	(1,371,743)	(3,668,754)

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 2019 (2018: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

NOTE 25 COMMITMENTS

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

	2019 $	2018 $
No later than 1 year	35,448	60,770
Later than 1 year and not later than 5 years		35,448
Later than 5 years	-	-
	35,448	96,218

NOTE 26 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2019 the Group raised $740,984 through the issues of shares to existing and new shareholders.

During the financial year ended 30 June 2019, Cycliq entered into a stock funding facility with Partners For Growth.

This facility allowed Cycliq to draw funds from the facility equivalent to the value of 90% of the finished goods inventory. Funds were drawn at an annualised interest rate of 11.75%.

In addition Partners for Growth also extended a short term 'over advance' of $300,000 to assist in the repayment of debt. The 'over advance' was due for repayment in full at 30 June 2019.

$792,801 was first drawn from this facility in March 2019 and of the drawn funds $510,000 was used to repay the previous Toad Group Pty Ltd funding facility. As at 30 June 2019 Cycliq had breached certain financial covenants in relation to this facility. On the 16th July PFG & Cycliq entered into a Deed of Forbearance. This agreement extended the timeframe for the 'over advance' repayment to $100,000 due on the 12th September 2019 and $200,000 due for repayment by the 31st October 2019. As part of this agreement the covenants relating to EBITDA were renegotiated to align with the forecast for FY2020. At the date of this report, Cycliq had repaid the $100,000 due on the 12th of September. Since signing the Deed of Forbearance Cycliq have met all financial covenants. PFG were issued 67,857,143 warrants on the 18 July 2019 at an exercise price of $0.007 and an expiry date of 29 March 2026.

On the 31 July Cycliq Group Limited announced it had entered into an exclusive agreement with Factor Holdings Limited, a company registered in Taiwan, for an exclusivity period of 6 months with a 14-day termination period that commences after 1 October 2019. The purpose of this exclusivity period is to consider and assess a potential acquisition between both parties.

NOTE 27 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:	Unit A14, Level 2, 435 Roberts Road, Subiaco, WA, 6008
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 21 to 54 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 2019 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:

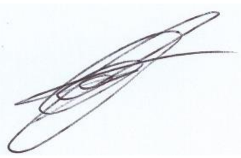
    a) the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001 (Cth);*

    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:



Piers Lewis

Chairman

Dated this Monday, 30 September 2019

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
Level 3,
216 St Georges Terrace
Perth WA 6000

PO Box 7775
Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500
F +61 8 9226 4300

bentleys.com.au

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 Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, 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 Consolidated Entity is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 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(ai).

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 Consolidated Entity 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(aiii) in the financial report which indicates that the Consolidated Entity incurred a net loss of $2,890,141 during the year ended 30 June 2019. As stated in Note 1(aiii), these events or conditions, along with other matters as set forth in Note 1(aiii), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

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
Existence and valuation of inventory	
As disclosed in note 11 to the financial statements as at 30 June 2019, Cycliq Group Limited had an inventory balance of $530,673 Existence and valuation of inventory were considered key audit matters due to: • The quantum of inventory on hand; • The location of the inventory; • Risk of stock obsolescence from changing technology; and • The importance of inventory in relation to generating positive operating cashflows.	Our procedures amongst others included: › Verifying the quantum of stock held by third parties to third party stock reports; › 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 whether inventory was recorded at the lower of cost or net realisable value; › Assessing the appropriateness of the related disclosures in note 11 to the financial statements.
Revenue recognition	
During the year, the consolidated entity generated sales of $4,703,539. The recognition of revenue was considered a key audit matter due to the judgement and estimates involved in determining when performance obligations are met and revenue is recognised.	Our procedures included, amongst others: › Obtaining an understanding of the processes relating to revenue recognition; › Reviewing the revenue recognition policy for compliance with AASB 15 Revenue from contracts with customers; › Testing revenue on a sample basis to supporting documentation; › Assessing cut-off of revenue at year end to ensure revenue has been recorded in the correct reporting period; and › Assessing the adequacy of the Consolidated Entity's revenue disclosures within the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, 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 Consolidated Entity 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(ai), 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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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.

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 2019. The directors of the Consolidated Entity 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 the Consolidated Entity, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

BENTLEYS	**MARK DELAURENTIS CA**
Chartered Accountants	**Partner**

Dated at Perth this 30th day of September 2019

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 20 September 2019.

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	621	73,618
1,001 to 5,000	52	107,224
5,001 to 10,000	11	82,980
10,001 to 100,000	128	6,494,750
100,001 and over	340	1,706,193,828
	1,152	**1,712,952,400**
Holding less than a marketable parcel	953	40,470,175

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
CAPRICORN INVESTMENT PARTNERS (NOMINEES) PTY LTD <MERCHANT LEADERS FUND>	325,218,081	18.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	85,000,000	4.96
SUNSET ENTERPRISES WA PTY LTD <THE SUNSET ENTERPRISES WA A/C>	76,795,338	4.48
AJAVA HOLDINGS PTY LTD	66,714,291	3.89
SCINTILLA STRATEGIC INVESTMENTS LIMITED	61,428,571	3.59
PARADISE BAY INTERNATIONAL PTY LTD <THE PARADISE A/C>	47,500,000	2.77
MS KERRY WARBURTON <KERRY WARBURTON S/F A/C>	42,570,685	2.49
BREAKWATER (WA) PTY LTD	39,689,818	2.32
THOR INVESTMENTS (VIC) PTY LTD <DEA FAMILY A/C>	39,250,000	2.29
MRS DAWN EMMA KENNEDY <KENNEDY INVESTMENT A/C>	37,871,652	2.21
MR IAN MICHAEL PATERSON PARKER + MRS CATRIONA SYLVIA PARKER <IMPP A/C>	30,000,000	1.75
P & P OPERATIONS PTY LTD <PARADICE SUPER FUND A/C>	29,166,667	1.70
GLORY HORSE INVESTMENT HOLDINGS LIMITED	28,409,091	1.66
KMC AUTOMATION PTY LTD	25,000,000	1.46
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	24,637,500	1.44

LARFRAE PTY LTD <LARFRAE SUPER FUND A/C>	23,300,000	1.36
CONLEROY PTY LTD <ROBERT VAN HELVOORT S/F A/C>	23,062,500	1.35
MR THOMAS CONSTABLE-MCDOWELL	20,250,000	1.18
COLLINS RURAL GROUP PTY LTD	20,000,000	1.17
JHL HOLDINGS PTY LTD	20,000,000	1.17
	1,065,864,194	**62.22**

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
CAPRICORN INVESTMENT PARTNERS (NOMINEES) PTY LTD <MERCHANT LEADERS FUND>	325,218,081	18.99

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