Cycliq Group Limited

ABN 47 119 749 647

ANNUAL REPORT

30 June 2020

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

Arron Canicais	*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

Advanced Share Registry
Address: 110 Stirling Hwy, Nedlands Perth WA 6009
Telephone: +61 (8) 9389 8033
Website: www.advancedshare.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
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CHAIRMAN'S REPORT

Dear Shareholders,

The third year of operation as an ASX-listed entity has been a turnaround year, after flagging in late FY19 the need for a sharp focus on cost management and navigating a path to profitability during FY20.

Although the COVID-19 pandemic presented short-term supply chain challenges through Q3 and Q4, the resultant net impact has been a surge in demand for personal micromobility solutions worldwide. Parallel investment in cycling infrastructure by governments in key markets of UK and Australia (and likely USA in the coming months at a regional level) also creates a positive environment for long term, sustained growth.

FY20 in review

At an operational level, the business has made significant progress, with a net operating cash flow positive result of $0.322m and paying down debt of $0.569m during FY20.

Sales were negatively impacted in the year by the global COVID-19 pandemic, which caused supply chain disruption in Q3 and Q4 (full year sales were 15,153 units). However, a renewed focus on high margin direct sales to maintain cash flows and service key markets proved fruitful, sustaining c. $1m of revenue per quarter, and culminating in $1.2m of receipts in Q4 coinciding with the launch of the new Fly6 product in June.

A run rate reduction of $1.5m in operating expenses between FY19 and FY20 has seen the overall profitability of the business improve from a $2.3m EBITDA loss in FY19 to a $1m EBITDA loss in FY20. More than 40% of the $1m FY20 EBITDA loss is due to the required accounting treatment of the pre-order sales for the new Fly6 Generation 3. The gross merchandise value of the Fly6 Generation 3 pre-order sales was $1m at 31 July 2020.

Had the business been able to manufacture and ship the new product during Q4, the revenue and associated margin contribution would have been recognized in Q4, taking the FY20 EBITDA loss to below $0.5m.

Other major milestones were also achieved as follows:

- Repositioning the Cycliq business in the smart safety category of the rapidly expanding global personal micromobility market.
- Launch of the Upride intelligent safety network; a global digital platform highlighting road safety incidents and experiencing rapid organic user growth.
- Paying down $0.569m of debt related to the Partners for Growth trade financing facility and funding all inventory purchasing out of operating cash flows throughout FY20.
- Executing an agile response to the COVID-19 pandemic, pivoting distribution to direct channels while maintaining strong relationships with retail and distribution partners around the world.

Financing arrangements

Cycliq continues to operate with a lean startup mindset, having reduced operating overhead by more than $1.5m over the previous financial year.

As the business is now operating on a cash neutral basis, and funding all inventory purchases out of cashflow, incremental sales volume will predominantly flow through to net profit.

Working with PFG throughout the year to bring the finance facility back to within the proscribed covenants has ensured a positive working relationship, however the facility remains in default at 30 June.

The importance of an appropriate supply chain financing facility cannot be understated, with significant growth in unit sales for FY21 over FY20 driving large capital outlays in H1 and H2 to service key buying windows.

We are currently exploring options with a range of partners – including PFG – to bring more flexibility into our supply chain financing arrangements which will free up working capital for investment in growth and restructuring the balance sheet.

The year ahead

We expect that the operating performance of the business will be improved throughout FY21 with the launch of new smart safety products to service new and existing customer segments.

The strong tailwinds from the rise in demand for personal micromobility solutions means Cycliq is well placed to leverage its core smart safety business into this growing market, as well as create new growth and revenue opportunities through the global intelligent safety network, Upride.

Market dynamics

Recent surges in demand at the recreational through to commuter segments of the cycling market have been significant, in some markets by up to 80% at an individual independent retail store level, driven by the impacts of the global pandemic.

This has led to an acceleration of the increased trend towards take up of personal micromobility solutions and investment in cycling (and other personal micromobility) infrastructure and adoption programs in key markets.

The opportunity to drive the 'smart safety' positioning in new and existing product categories is significant when combined with the growth potential of the commuter segment for cycling and the broader market dynamics of the personal micromobility market. Exploring opportunities in this space will be an emerging focus for Cycliq over the coming year.

Upride

Upride was launched in Q3 FY20 and is a digital platform instrumental to driving Cycliq's future growth. With tens of thousands of monthly unique users already, it is showing strong potential to drive direct and indirect revenue as well as champion Cycliq's mission of improving safety for all road users who don't drive a car.

Upride is an intelligent safety network which catalogues incidents (predominantly cycling related) from around the world. Emerging hotspots can be seen on a interactive map and at a hyper-local level the data can be used to plan trips and avoid dangerous areas.

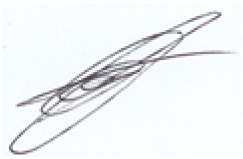
A focus for Cycliq this year will be to build the Upride community and explore several proofs of concepts related to revenue generation and user engagement.

Product development

Cycliq will continue to build out the core range of Fly bike camera products, focusing on building on the momentum from the launch of the Fly6 Generation 3 in Q4 FY20. New products targeting the larger commuter market in H2. Overall, the current core business of smart safety technology is expected to grow and be the majority contributor to the improved financial performance of the business in the coming financial year.

Cycliq will make an increased investment in R&D in FY21, aimed at exploring opportunities in line extension in the smart safety category as well as enhancements to existing products already being manufactured.

We look forward to building on the positive improvements to our operating position delivered in FY20 and translating this to improved overall financial and business performance for the year ahead.



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 2020.

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*

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

2. Company Secretary

Arron Canicais	*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 $1,464,835 (2019: $2,890,141).

5. Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2020.

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 ($624,803) at 30 June 2020 (2019: ($69,349))

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 2020.

9. Subsequent Events

Cycliq Group Ltd announced on the 14th August 2020 the issue of 85,937,500 shares at $0.001 in satisfaction of services performed by consultants and employees.

Cycliq Group Ltd announced on the 26th August 2020 the appointment of Craig Smith-Gander to non-executive Chairman & Xavier Kris to non-executive Director effective 31 August 2020. Non-executive Chairman Piers Lewis & non-executive Director Ben Rattigan will resign their positions effective 31 August 2020.

There are no other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10. Likely Developments

Comments on expected results of the operations of the Group are included in the Chairman's Report.

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore this information has not been disclosed in the report.

DIRECTORS' REPORT

11. Information Relating to the Directors and Company Secretary

Piers Lewis – Non-Executive Chairman
(Appointed 17 March 2017)

Mr Lewis is a Chartered Accountant and Chartered Company Secretary with over 20 years' global corporate experience. Mr Lewis currently serves as Chairman of Lustrum Minerals Limited, on the Board of Ultima United Limited and serves as company secretary on Grange Resources Limited. Mr Lewis has also held the position of Chairman at Digital Wine Ventures, eSense Labs Limited, Manalto Limited in the past three years. Mr Lewis has extensive contacts within various financial institutions and broking houses within Australia and the UK. Mr Lewis holds a Bachelor of Commerce (Accounting and Finance).

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

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 a Director of Whistler Wealth Management.

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 26 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. Daniel has been a board member of Cycliq since May 2019.

Mr Kennedy holds 73,188,872 fully paid ordinary shares and 5,000,000 options at the date of this report. Please refer to the Remuneration report for further details.

Arron Canicais – 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 12 years. Mr Canicais is an associate member of the Institute of Chartered Accountants and an associate member of the Governance Institute of Australia.

DIRECTORS' REPORT

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
Piers Lewis	12	11
Daniel Kennedy	12	11
Ben Rattigan	12	12

13. Interests in the shares and options of the Company and related bodies corporate

	Fully Paid Ordinary Shares Number	Options Number
Daniel Kennedy	73,188,872	5,000,000
Ben Rattigan	6,262,500	-
Piers Lewis	459,157	-

14. Options

Unissued shares under option

As at 30 June 2020, there were 90,571,430 un-issued ordinary shares of Cycliq Group Limited under option (listed or unlisted) and 142,857,143 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 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
Warrants issued to Partners For Growth	75,000,000	$0.001	31-Oct-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.

15. Non-Audit Services

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

DIRECTORS' REPORT

16. 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.

17. 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.

18. Corporate Governance Statement

The Group's full Corporate Governance Statement can be found attached to the appendix 4G lodged on the ASX.

19. Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 12 of this annual report.

20. Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Bentleys
THINKING AHEAD

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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 Ltd for the financial year ended 30 June 2020, 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	**DOUG BELL** CA
Chartered Accountants	**Partner**

Dated at Perth this 28th day of August 2020.

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 — Chief Executive Officer
- Ben Hammond — Chief Executive Officer
- Mathew Merson — Chief Financial Officer

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 2020.

	2020 $	2019 $
Revenue	3,872,109	4,703,539
Net loss before tax	(1,464,835)	(2,890,141)
Net loss after tax	(1,464,835)	(2,890,141)

	2020 $	2019 $
Share price at the start of the year	0.001	0.013
Share price at the end of the year	0.001	0.001
Interim Dividend	-	-
Final Dividend	-	-
Basic and diluted loss per share	(0.08)	(0.33)

2020

	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 $	Superannuation	Termination Benefits $	Equity $	Options $	Total $	
Daniel Kennedy (i)	38,000	-	-	-	-	-	-	-	38,000	-
Ben Rattigan	38,000	-	-	-	-	-	-	-	38,000	-
Piers Lewis	41,667	-	-	-	-	-	-	-	41,667	-
Other Current Key Management Personnel										
Paul Claessen (iii)	155,000	60,000	-	-	-	-	43,631	-	258,631	11.60%
Ben Hammond (ii)	155,001	60,000	-	-	-	-	46,640	-	261,641	11.46%
Mathew Merson (iv)	165,801	37,500	-	-	-	-	30,120	-	233,421	-
Total	593,469	157,500	-	-	-	-	120,391	-	871,360	-

(i) Daniel Kennedy received 32,188,872 shares in lieu of Director fees accrued to 30 June 2019. (ii) Ben Hammond received 46,639,763 shares. (iii) Paul Claessen received 43,630,914 shares. (iv) Mathew Merson received 30,119,696 shares.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

2019

	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	Superannuation	Termination Benefits	Equity	Options	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	-
Daniel 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

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 29 November 2017.

Other Details

Mr Lewis remuneration comprises director's fees of $36,000 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 was appointed to the position of Co-Chief Executive Officer of Cycliq Group Ltd effective 11 August 2020. His current remuneration comprises consulting fees of $271,694 per annum and short term incentives to the value of $50,000 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.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Paul Claessen

Mr Claessen was appointed to the position of Co-Chief Executive Officer of Cycliq Group Ltd effective 11 August 2020. His current remuneration comprises consulting fees of $271,694 per annum and short term incentives to the value of $50,000 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 is currently engaged as Chief Financial Officer on a consultancy agreement. The Agreement comprises fees of $246,372 per annum and short term incentives to the value of $45,000.

Notice period and term of agreement:

The agreement may be terminated by either party by giving at least 3 months' notice.

4. Share-based Remuneration

Shares issued to key management personnel

Daniel Kennedy received 32,188,872 shares. Ben Hammond received 46,639,763 shares. Paul Claessen received 43,630,914 shares. Mathew Merson received 30,119,696 shares. No other KMP's had performance based remuneration during the financial year ended 30 June 2020.

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 no new options over ordinary shares issued during the period. (2019: 6,964,287)

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

During the financial year no options were granted to key management personnel.

5. Key Management Personnel Equity Holdings

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

2020	Opening balance	Received during the year	Other changes during the year	Consolidation of share capital	Balance at end of year
	No.	No.	No.	No.	No
Ben Rattigan	4,175,000	-	2,087,500	-	6,262,500
Piers Lewis	459,157	-	-	-	459,157
Daniel Kennedy	41,000,000	32,188,872	-	-	73,188,872
Ben Hammond	9,424,360	16,639,763	-		26,064,123
Mathew Merson	-	30,119,697	-	-	30,119,697
Paul Claessen	10,716,680	13,630,914	-	-	24,347,594
	65,775,197	92,579,246	2,087,500	-	160,441,943

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

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

2020	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
Daniel Kennedy	5,000,000	-	-	-	-	5,000,000	
Piers Lewis	-	-	-	-	-	-	
Ben Hammond	2,321,429	-	-	-	-	2,321,429	
Paul Claessen	2,321,429	-	-	-	-	2,321,429	
Mathew Merson	-	-	-	-	-	-	
	9,642,858	-	-	-	-	9,642,858	

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.

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 2020 (2019: NIL)

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Loan from Key Management Personnel

There were no loans from Directors or KMP during the period or as at 30 June 2020 (2019: NIL)

Transactions with Key Management Personnel or their Related Parties

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

	2020 $	2019 $
Related entity:		
SmallCap Corporate Pty Ltd – Corporate secretarial services – (Piers Lewis)	90,146	95,505
Toad Group Pty Ltd – Accrued interest on trade finance facility (Chris Singleton)	-	54,340
	90,146	149,845

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.

Daniel Kennedy

Non Executive Director

Dated this Friday, 28 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	2	3,872,109	4,703,539
Cost of Sales		(2,624,079)	(3,366,624)
Gross Profit		1,248,030	1,336,915
Other income	2	478,429	391,082
Administrative expenses		(242,882)	(200,044)
Distribution expenses		(178,731)	(642,142)
Depreciation and amortisation	3	(257,391)	(490,409)
Employment costs	3	(1,900,747)	(2,466,002)
Finance costs		(206,381)	(91,946)
Impairment		-	(9,656)
Legal and consulting fees		(74,548)	(189,229)
Occupancy costs		(71,927)	(86,601)
Other operating expenses		(75,884)	(277,732)
Share-based payments	18	(160,840)	(121,193)
Research and development expenses		(21,963)	(43,184)
Loss before income tax		(1,464,835)	(2,890,141)
Income tax benefit / (expense)	5	-	-
Loss from continuing operations		(1,464,835)	(2,890,141)
Profit/ (loss) attributable to minority interests		(36,268)	(28,871)
Profit/ (loss) attributable to members of the parent entity		(1,428,567)	(2,861,270)
		(1,464,835)	(2,890,141)
Other comprehensive income, net of income tax			
Exchange difference on translating foreign operations		(9,600)	(26,196)
Other comprehensive income for the year, net of tax		(9,600)	(26,196)
Total comprehensive income / (loss)		(1,474,435)	(2,916,337)
Profit/ (loss) attributable to minority interests		(36,268)	(28,871)
Profit/ (loss) attributable to members of the parent entity		(1,438,167)	(2,887,466)
		(1,474,435)	(2,916,337)
Earnings per share:			
Basic and diluted loss per share (cents per share)		(0.08)	(0.33)

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 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	7	658,786	379,179
Trade and other receivables	8	246,031	202,843
Inventories	11	34,422	530,673
Prepayments		397,163	606,026
Total current assets		1,336,402	1,718,721
Non-current assets			
Plant and equipment	9	14,251	94,321
Intangible assets	10	246,969	253,752
Total non-current assets		261,220	348,073
Total assets		1,597,622	2,066,794
Current liabilities			
Trade and other payables	13	1,138,879	1,079,960
Provisions	14a	148,436	175,789
Unearned Revenue	14b	656,609	54,893
Borrowings	15	278,501	825,501
Total current liabilities		2,222,425	2,136,143
Total liabilities		2,222,425	2,136,143
Net assets / (deficiency)		**(624,803)**	**(69,349)**
Equity			
Issued capital	16	14,110,649	13,295,243
Reserves	17	400,508	306,533
Accumulated losses		(15,057,162)	(13,628,595)
Parent entity interest		**(546,005)**	**(26,819)**
Minority interest		**(78,798)**	**(42,530)**
Total equity		**(624,803)**	**(69,349)**

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 2020

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Warrants Reserve $	Minority Interest $	Total $
Balance at 1 July 2018		12,122,191	(10,767,325)	58,796	251,915	-	(13,659)	**1,651,918**
Loss for the year		-	(2,861,270)	-	-	-	(28,871)	(2,890,141)
Other comprehensive income		-	-	(26,196)	-	-	-	(26,196)
Total comprehensive income		-	(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	16a	-	-	-	22,018	-	-	22,018
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)**
Balance at 1 July 2019		**13,295,243**	**(13,628,595)**	**32,600**	**273,933**	**-**	**(42,530)**	**(69,349)**
Loss for the year		-	(1,428,567)	-	-	-	(36,268)	(1,464,835)
Other comprehensive income		-	-	(9,600)	-	-	-	(9,600)
Total comprehensive income		-	(1,428,567)	(9,600)	-	-	(36,268)	(1,474,435)
Transaction with owners, directly in equity		-	-	-	-	-	-	-
Shares issued during the year	16a	901,824	-	-	-	-	-	901,824
Performance shares issued	16a	-	-	-	-	-	-	-
Transaction costs		(86,418)	-	-	-	-	-	(86,418)
Warrants Issued		-	-	-	-	103,575	-	103,575
Balance at 30 June 2020		**14,110,649**	**(15,057,162)**	**23,000**	**273,933**	**103,575**	**(78,798)**	**(624,803)**

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 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		4,430,638	4,957,877
Payments to suppliers and employees		(4,462,051)	(6,733,242)
Other income		476,233	647,249
Interest Received		2,196	-
Interest Paid		(124,639)	(37,606)
Net cash used in operating activities	7a	322,377	(1,165,722)
Cash flows from investing activities			
Purchase of intangible assets		(170,442)	(37,429)
Purchases of property, plant and equipment		(99)	(23,726)
Net cash used in investing activities		(170,541)	(61,155)
Cash flows from financing activities			
Proceeds from issue of shares	16	740,984	1,101,000
Payments for share issue costs	16	(86,418)	(111,702)
Repayment of borrowings		(569,459)	308,428
Proceeds from borrowings		-	(47,009)
Net cash provided by financing activities		85,107	1,250,717
Net increase/(decrease) in cash held		236,943	23,840
Effects of exchange rate changes on the balance of cash held in foreign currencies		42,664	40,293
Cash at beginning of year		379,179	315,046
Cash at end of year	7	658,786	379,179

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 2020

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial statements were authorised for issue on 28 August 2020 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 2020

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 2020 the Group made a loss of $1,464,835 (2019 – $2,890,141) and had net liabilities of ($624,803) (2019 – ($69,349) and a working capital deficit of $886,023. Included in the working capital deficit is the secured stock funding facility of $307,661 which is currently in default (refer note 15 for further details). 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 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 launching complimentary products in the first quarter of F/Y 2021 to help expand into this market opportunity;
- The demonstrated ability to obtain loans & manage existing loans to support business activities (refer note 15);
- With the introduction of new product lines in F/Y 2021 the gross margins will improve further assisting generation of cash;
- The ability to raise capital or loans from shareholders or related parties. The Group raised $740,984 through the issue of shares to existing and new shareholders in September 2019;
- Although Covid 19 created some initial inventory supply issues in the 2020 financial year the pandemic has provided growth opportunities in the micro mobility sector with increases in commuter cycling around the world, benefiting Cycliq with future increased sales opportunities.

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.

v. Comparative figures

Where required by AASBs comparative (2019) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

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.

	2020 %	2019 %
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.

g) Employee benefits

i. Defined contribution superannuation funds

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

ii. Short-term benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

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

(3) *Trade and other receivables*

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

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

(4) *Trade and other payables*

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

(5) *Share capital*

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

iv. Amortised cost

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

v. Fair value

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

vi. Effective interest method

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

vii. Impairment

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

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

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement.

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

viii. Derecognition

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

ix. Finance income and expenses

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

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

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

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

i) 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.

j) 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.

k) 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).

l) 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.

m) 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.

n) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

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.

o) 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.

p) 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 2019.

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

- AASB 16 Leases

The Group has adopted AASB 16 with effect from 1 July 2019. AASB 16 introduces a new framework for accounting for leases and replaces AASB 117 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Directors have assessed there is no impact on the adoption of this standard as the Group has no leases greater than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

NOTE 2 REVENUE AND OTHER INCOME

	2020 $	2019 $
a) Revenue		
Fly 12 sales	3,467	9,562
Fly 6 sales	-	18,014
Fly 12CE sales	2,148,435	2,297,585
Fly 6CE sales	1,444,098	2,031,738
Other accessories sales	276,109	346,640
	3,872,109	4,703,539
b) Other Income		
Interest Income	2,073	177
Grant income	378,233	345,433
Other Income	98,123	45,472
	478,429	391,082

NOTE 3 PROFIT / (LOSS) BEFORE INCOME TAX

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

	2020 $	2019 $
Depreciation and amortisation		
Depreciation of property, plant and equipment	80,166	148,871
Amortisation of intangible assets	177,225	341,538
	257,391	490,409
Employment costs		
Key management personnel remuneration	873,669	708,519
General wages, salaries and superannuation	615,832	871,542
Other employment related costs	411,246	885,941
	1,900,747	2,466,002

NOTE 4 AUDITORS REMUNERATION

	2020 $	2019 $
Auditing or reviewing the financial reports		
Bentleys	49,900	47,000
	49,900	47,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 5 INCOME TAX

	2020 $	2019 $
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	(1,464,835)	(2,890,141)
Australian tax rate %	27.5	27.5
Tax amount at the Australian tax rate	(402,829)	(794,789)
Add / (Less) the tax effect of:		
Non-deductible expenses	94,314	38,120
Non-taxable income	(76,514)	(76,553)
Effect of unrecognised temporary difference	(69,439)	(6,869)
Deferred tax asset not brought to account	454,469	840,091
Total income tax expense/ (benefit)	-	-
c) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Unrealised foreign exchange losses	-	4,866
Employee benefits	30,574	14,945
Borrowing Costs	1,602	
Accrued expenses	9,327	7,150
Other provisions	13,154	62,864
Property, Plant and Equipment	-	82,333
Capital raising costs	97,124	132,336
Unrealised Foreign exchange (net)	2,766	-
Patent Costs	796	-
Tax losses	2,475,704	2,858,974
Total deferred tax assets	2,631,047	3,163,468
Set-off deferred tax liabilities pursuant to set-off provisions	(9,878)	-
Less deferred tax assets not recognised	(2,621,169)	(3,163,468)
Net deferred tax assets	-	-
d) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Accrued income	-	-
Prepayments	(9,878)	-
Unrealised foreign exchange gain	-	-
Total deferred tax liabilities	(9,878)	-
Set-off deferred tax liabilities pursuant to set-off provisions	(9,878)	-
Net deferred tax liabilities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 6 EARNINGS PER SHARE (EPS)

	2020 $	2019 $
a) Reconciliation of earnings to profit or loss		
Loss used in the calculation of basic and diluted EPS	(1,464,835)	(2,890,141)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted EPS	1,678,628,497	885,019,467
Basic EPS (cents per share)	(0.08)	(0.33)

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 2020 financial year, the Group had 90,571,430 unissued shares under option that were "out of the money" which were anti-dilutive (June 2019: 101,321,430).

NOTE 7 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	658,786	379,179
	658,786	379,179
a) Reconciliation of cash flow from operations to loss after income tax		
Loss after income tax	(1,464,835)	(2,890,141)
Non-cash flows in profit from ordinary activities:		
▸ Depreciation	257,391	490,409
▸ Impairment	-	9,656
▸ Accrued employee, contractor and ambassador fees	291,140	46,701
▸ Share-based payments expense	160,840	121,193
▸ Accrued finance costs	167,527	-
▸ Foreign currency gains/ (losses)	(40,027)	(26,196)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
▸ (Increase)/decrease in trade and other receivables	(43,188)	563,187
▸ (Increase)/decrease in inventories	496,254	196,672
▸ Increase/(decrease) in trade and other payables	(285,951)	356,238
▸ Increase/(decrease) in provisions	(27,353)	106,512
▸ Increase/(decrease) in unearned income	601,716	54,893
▸ (Increase)/decrease in prepayments	208,863	(194,846)
Cash flow from operations	322,377	(1,165,722)

b) **Credit standby facilities**

The Group has no credit standby facilities (2019: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 8 TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Trade debtors	209,019	186,014
Less: provision for Doubtful debts	(3,347)	(28,313)
Accrued income receivable	16,716	5,405
Research and Development tax refund receivable	-	17,706
Other receivables	-	2,767
Goods and Services Tax receivable	23,643	19,264
	246,031	202,843

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

	2020 $	2019 $
Non-current		
Computer equipment at cost	58,664	58,568
Accumulated depreciation	(51,124)	(42,229)
	7,540	16,339
Dummy units at cost	10,459	-
Accumulated depreciation	(9,097)	-
	1,362	-
Office furniture and equipment at cost	40,049	40,049
Accumulated depreciation	(34,700)	(28,693)
	5,349	11,356
Leasehold Improvements	3,433	3,433
Accumulated depreciation	(3,433)	(2,850)
	-	583
Point of Presence countertop display units at cost	503,367	513,825
Accumulated depreciation	(503,367)	(447,782)
	-	66,043
Total property, plant, and equipment	**14,251**	**94,321**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 10 INTANGIBLE ASSETS

	2020 $	2019 $
Non-current		
Product development costs	1,361,746	1,200,960
Accumulated amortisation	(1,114,777)	(937,552)
Impairment	-	(9,656)
	246,969	253,752
Total Intangible assets	246,969	253,752
Movements for the year		
Opening balance	253,752	573,137
Additions from internal developments	170,442	31,809
Amortisation	(177,225)	(341,538)
Impairment	-	(9,656)
Closing balance	246,969	253,752

NOTE 11 INVENTORIES

	2020 $	2019 $
Stock on hand at cost	34,422	530,673
Total Inventory assets	34,422	530,673

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 2020	30 June 2019
- 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 2020	30 June 2019
- 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 2020

NOTE 13 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Current		
Unsecured		
Trade payables	320,891	539,556
Accrued expenses	493,776	301,268
Other payables	324,212	239,136
	1,138,879	1,079,960

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 14a PROVISIONS

	2020 $	2019 $
Current		
Provision for current employee benefits	101,190	30,399
Provision for warranty claims*	47,246	145,390
	148,436	175,789

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

NOTE 14b UNEARNED REVENUE

	2020 $	2019 $
Current		
Unearned revenue	656,609	54,893
	656,609	54,893

*Unearned revenue relates to deposits received for products not yet shipped to customers.

NOTE 15 BORROWINGS

	2020 $	2019 $
Current		
Insurance premium funding	34,162	32,700
Secured Stock Funding Facility - PFG	307,661	792,801
Unexpired Transaction Costs - Warrants	(63,322)	-
	278,501	825,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 15 BORROWINGS CONTINUED

Reconciliation of liabilities arising from financing activities

	1 July 2019 $	Cash flows $	Non-cash changes Equity $	Non-cash changes Other $	30 June 2020 $
Insurance Premium Funding	32,700	(32,700)	-	34,162	34,162
Secured Stock Funding Facility	792,801	(569,459)	-	84,319	307,661
Warrants	-	-	(63,322)	-	(63,322)
Total	825,501	(602,159)	(63,322)	118,481	278,501

During the year, Cycliq advised Partners for Growth (PFG) that, due to breaches of the Borrowing Base and EBITDA covenants under the Facility Agreement, events of default had occurred under the Facility Agreement with Partners for Growth (Relevant Defaults). On 4 February 2020, Cycliq proposed a repayment plan to Partners for Growth that would return the Facility Agreement to compliance by 30 April 2020. As at 30 June 2020, the Facility Agreement continues to be in a state of default. Cycliq management continue to work with Partners for Growth to return the Facility Agreement to compliance.

Partners for Growth does not currently intend to exercise enforcement rights under the Facility Agreement in respect of the Relevant Defaults, but reserves its rights under the Facility Agreement in respect of the Relevant Defaults and any other current or future breaches or events of default under the Facility Agreement. As a result of the deficit the loan has been classified as current (at call) & interest is accruing at the default rate. (15.75%) The loan is secured via a General Security Deed (first ranking) over the assets & undertakings of the Group.

Cycliq has issued 67,857,143 warrants , being an option to acquire shares in the Company with an exercise price of $0.007 and an expiry date of 29 March 2026 to PFG in accordance with the facility agreement, and 75,000,000, warrants with an exercise price of $0.001 and an expiry date of 31 October 2026 in accordance with Deed of Forbearance. The warrants issued were treated as an incremental transaction cost to be recognised over the original term of loan under the facility agreement. The warrants were measured using a black-scholes valuation methodology based on the following inputs, (i) share price at grant date of $0.001, (ii) exercise price of $0.007, (iii) term of 7 years, (iv) risk free rate of 0.86%, (v) dividend yield of 0%; and (vi) a volatility of 81.09%.

NOTE 16 ISSUED CAPITAL

	2020 No.	2019 No.	2020 $	2019 $
Fully paid ordinary shares at no par value	1,873,792,582	971,968,130	14,110,649	13,295,243
a) Ordinary shares				
At the beginning of the period	971,968,230	779,784,490	13,295,243	12,122,191
Shares Issued during the period				
- Issue of shares	740,984,270	157,214,284	740,984	1,100,500
Shares issued for payment of interest		9,832,459		29,498
Shares issued to key management personnel	152,579,246	13,928,571	152,579	78,257
Shares issued to consultants & Employees of the Company	8,260,836	11,208,356	8,261	97,314
Transaction costs relating to share issues	-	-	(86,418)	(132,517)
At reporting date	1,873,792,582	971,968,130	14,110,649	13,295,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

b) Performance Shares

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

c) Options

	2020 No.	2019 No.
Unlisted options on issue at balance date	90,571,430	167,566,073
At the beginning of the period	101,321,430	10,750,000
- Options Granted *	-	90,571,430
- Forfeited	-	-
- Exercised	-	-
- Expired	10,750,000	-
Balance	90,571,430	101,321,430
Options exercisable at balance date	90,571,430	101,321,430

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 2020 accounts of Cycliq Group Limited as approval for issue of the shares is subject to shareholder approval.

d) Warrants

	Number	Grant Date	Exercise Price	Expiry
Facility Agreement	67,857,143	18/07/2019	$0.007	29/03/2026
Deed of Forbearance	75,000,000	31/10/2019	$0.001	31/10/2026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

e) Capital Management

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

		2020 $	2019 $
Cash and cash equivalents	7	658,786	379,179
Trade and other receivables	8	246,031	202,843
Inventories		34,422	530,673
Other current assets		397,163	606,026
Trade and other payables	13	(1,138,879)	(1,079,960)
Short-term provisions	14a	(148,436)	(175,789)
Unearned Revenue	14b	(656,609)	(54,893)
Short-term borrowings	15	(278,501)	(825,501)
Working capital position		(886,023)	(417,422)

NOTE 17 RESERVES

	2020 $	2019 $
Foreign currency translation reserve	23,000	32,600
Share based payment reserve (Options)	133,933	133,933
Share Based payment reserve (Performance shares)	140,000	140,000
Warrants reserve	103,575	-
Total reserves	400,508	306,533

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 2020.

a) Shares issued to employees

8,260,836 fully paid ordinary shares were issued to an employee as part of his remuneration during the period at a fair value of $8,261.

b) Shares issued to director

32,188,872 fully paid ordinary shares were issued to director, Daniel Kennedy during the period. The fair value of the ordinary shares issued was $32,189.

c) Shares issued to key management personnel

46,639,763 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 $46,640.

43,630,914 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 $43,631.

30,119,697 fully paid ordinary shares were issued to Mathew Merson 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 $30,120.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

d) 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:

- Piers Lewis - Non-Executive director
- Dan Kennedy – Non-Executive Director
- Ben Rattigan– Non-Executive Director
- Paul Claessen – Chief Executive Office
- Ben Hammond – Chief Executive Officer
- Mathew Merson – Chief Financial Officer

	2020 $	2019 $
Short-term employee benefits	750,969	567,796
Equity settled share-based payments[1]	120,391	171,684
Total	871,360	739,479

[1]Refer to Note 18 for full details

NOTE 20 RELATED PARTY TRANSACTIONS

	2020 $	2019 $
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 – Non Executive Chairman fees & Corporate secretarial services	90,146	95,905
Toad Group Pty Ltd – Accrued interest on trade finance facility* (Chris Singleton)	-	54,340

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 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 2020	USA $	Australia $	UK $	Other $	Total $
Revenue					
Revenue	1,861,801	632,892	961,390	416,026	3,872,109
Total Segment Revenue	1,861,801	632,892	961,930	416,026	3,872,109
Segment net profit / (loss) from continuing operations before tax	600,082	203,989	309,868	134,090	1,248,030
Reconciliation of segment profit / (loss) to group profit / (loss):					
Amounts not included in segment results but reviewed by the board:					
Other income					478,429
Administrative expenses					(242,882)
Distribution expenses					(178,731)
Depreciation and amortisation					(257,391)
Employment costs					(1,900,747)
Finance costs					(206,381)
Legal and consulting fees					(74,548)
Occupancy costs					(71,927)
Other operating expenses					(75,884)
Share-based payments					(160,840)
Research and development expenses					(21,963)
Corporate transaction accounting expense					-
Net (loss)/profit for the year					(1,464,835)
Segment Assets	40,727	10,572	104,666	53,050	209,015
Reconciliation of segment assets to group assets:					
Unallocated assets					1,388,607
Total Assets					1,597,622
Segment Liabilities	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities:					
Unallocated liabilities					2,222,425
Total Liabilities					2,222,425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 22 OPERATING SEGMENTS (CONTINUED)

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					2,136,143
Total Liabilities					2,136,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 $	2020 Total $	Floating Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	2019 Total $
Financial Assets								
Cash and cash equivalents	658,786	-	-	658,786	379,179	-	-	379,179
Trade and other receivables	-	-	246,031	246,031	-	-	202,843	202,843
Total Financial Assets	658,786	-	246,031	904,817	379,179	-	202,843	582,022
Financial Liabilities								
Current								
Trade and other payables	-	-	1,138,879	1,138,879	-	-	1,079,960	1,079,960
Short-term borrowings	34,162	244,339	-	278,501	32,700	792,801	-	825,501
Total Current Financial Liabilities	34,162	244,339	1,138,879	1,417,380	32,700	792,801	1,079,960	1,905,461
Total Financial Liabilities	34,162	244,339	1,138,879	1,417,380	32,700	792,801	1,079,960	1,905,461
Net Financial Assets	**624,624**	**(244,339)**	**(892,848)**	**(512,563)**	**346,479**	**(792,801)**	**(877,117)**	**(1,323,439)**

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 2020

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:

	2020 Gross $	2020 Impaired $	2019 Gross $	2019 Past due but not impaired $
Trade receivables				
Not past due	187,327	-	151,428	-
Past due up to 3 months	13,366	-	2,633	-
Past due over 3 months	8,325	-	31,953	-
	209,018		186,014	
Other receivables				
Not past due	37,013	-	16,829	-
Total trade and other receivables	246,031	-	202,843	-

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 2020

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

	WITHIN 1 YEAR		GREATER THAN 1 YEAR		TOTAL	
	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
Financial Assets						
Cash and cash equivalents	658,786	379,179	-	-	658,786	379,179
Trade and other receivables	246,031	202,843	-	-	246,031	202,843
Total anticipated inflows	904,817	582,022	-	-	904,817	582,022
Financial Liabilities						
Trade and other payables	1,138,879	1,079,960	-	-	1,138,879	1,079,960
Borrowings	278,501	825,501	-	-	278,501	825,501
Total contractual outflows	1,417,380	1,905,461	-	-	1,417,380	1,905,461
Net (outflow) / inflow from financial instruments	**(512,563)**	**(1,323,439)**	**-**	**-**	**(512,563)**	**(1,323,439)**

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	
	2020 $	2019 $	2020 $	2019 $
± 100 basis points change in interest rates	5,190	3,471	5,190	3,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

	2020 $	2019 $
a) Financial position of Cycliq Group Limited		
Current assets		
Cash and cash equivalents	55,290	14,961
Trade and other receivables	6,129	19,680
Total current assets	61,419	34,641
Non-current assets		
Property plant and Equipment	-	-
Total non-current assets	61,419	34,641
Total assets	61,419	34,641
Current liabilities		
Trade and other payables	407,407	367,220
Short-term borrowings	-	-
Total current liabilities	407,407	367,220
Total liabilities	407,407	367,220
Net assets	(345,988)	(330,579)
Equity		
Issued capital	85,752,074	84,936,668
Reserves	226,932	226,932
Accumulated losses	(86,324,994)	(85,494,179)
Total equity	(345,988)	(330,579)
b) Financial performance of Cycliq Group Limited		
Profit / (loss) for the year	(830,815)	(1,371,743)
Other comprehensive income	-	-
Total comprehensive income	(830,815)	(1,371,743)

c) Guarantees entered into by Cycliq Group Limited

There are no guarantees entered into by Cycliq Group Limited for the debts of its subsidiaries as at 2020 (2019: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

NOTE 25 COMMITMENTS

Operating leases relate to the office lease with lease terms of 1 year. Non-cancellable operating lease commitments are as follows:

	2020 $	2019 $
No later than 1 year	35,448	35,448
Later than 1 year and not later than 5 years		
Later than 5 years	-	-
	35,448	35,448

NOTE 26 EVENTS SUBSEQUENT TO REPORTING DATE

Cycliq Group Ltd announced on the 14th August 2020 the issue of 85,937,500 shares at $0.001 in satisfaction of services performed by consultants and employees.

Cycliq Group Ltd announced on the 26th August 2020 the appointment of Craig Smith-Gander to non-executive Chairman & Xavier Kris to non-executive Director effective 31 August 2020. Non-executive Chairman Piers Lewis & non-executive Director Ben Rattigan will resign their positions effective 31 August 2020.

There are no other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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 19 to 49 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 2020 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:

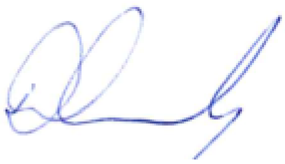
    a) the financial records of the Company for the financial year have been properly maintained in accordance with s286 of the *Corporations Act 2001 (Cth);*

    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:



Daniel Kennedy

Non Executive Director

Dated this Friday, 28 August 2020

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of Cycliq Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cycliq Group Ltd ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2020 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.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1(aiii) in the financial report which indicates that the Group incurred a net loss of $1,464,835 during the year ended 30 June 2020. 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 Group'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
Borrowings (Note 15)	
As disclosed in Note 15, the Company has a secured stock funding facility with a net balance of $244,339 as at 30 June 2020. During the year the Company entered into a Deed of Forbearance given the Relevant Defaults of the financial covenants under the Facility Agreement. The net balance comprises the issue of 67,857,143 warrants which form part of the Facility Agreement and 75,000,000 warrants in accordance with the Deed of Forbearance which have been recognised as incremental transaction costs. The borrowings and issue of warrants are considered to be a key audit matter due to: › complexities involved in the recognition and measurement of warrants treated as an incremental transaction costs; and › the breach of the financial covenants in accordance with the Facility Agreement.	Our procedures amongst others included: › Analysing the Facility Agreement and Deed of Forbearance to identify the key terms and conditions of the borrowings and warrants; › Assessing the accounting treatment of the financial instrument in accordance with the recognition and measurement as well as the disclosure requirements of the relevant Australian Accounting Standards; › Evaluating management's option valuation and assessing the assumptions and inputs used; › Assessing the calculation of the relevant amortisation of finance costs for the year › Obtaining confirmation from the lender of the balance as at 30 June 2020; › Reviewing correspondence from the lender confirming the breaches under the loan agreement; and › Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Note 2 and 14b) During the year the Group generated sales of $3,872,109 and has unearned revenue of $656,609 at balance date. We consider this to be a key audit matter due to the judgement and estimates involved in determining when the performance obligations are met and revenue is recognised.	Our procedures included, amongst others: - Documenting the processes and assessing the internal controls relating to revenue processing and recognition; - Reviewing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers*; - Reviewing a sample of revenue to supporting contracts to ensure revenue was recognised in line with the revenue recognition policy; - Assessing cut-off of revenue at year end and ensuring revenue has been recorded in the correct reporting period or deferred as unearned revenue; and - Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group 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 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL **CA**
Partner

Dated at Perth this 28th day of August 2020.

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 27 August 2020.

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	615	72,879
1,001 to 5,000	53	116,414
5,001 to 10,000	12	92,980
10,001 to 100,000	112	5,735,083
100,001 and over	402	1,953,712,626
	1,194	**1,959,729,982**
Holding less than a marketable parcel	804	7,354,915

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>	354,580,581	18.09
BALD WINGNUT PTY LTD	75,517,937	3.85
BEN HAMMOND	74,139,763	3.78
VERMOUTH PTY LTD	71,130,914	3.63
AJAVA HOLDINGS PTY LTD	66,714,291	3.40
SCINTILLA STRATEGIC INVESTMENTS LIMITED	65,000,000	3.32
SUNSET ENTERPRISES WA PTY LTD <THE SUNSET ENTERPRISES WA A/C>	52,482,180	2.68
MR BOBBY VINCENT LI	49,999,999	2.55
MR NICHOLAS DERMOTT MC DONALD	40,000,000	2.04
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	40,000,000	2.04
THIRD PARTY NOMINEES PTY LTD <ACCUMULATION A/C>	40,000,000	2.04
MRS DAWN EMMA KENNEDY <KENNEDY INVESTMENT A/C>	37,871,652	1.93
MRS DAWN EMMA KENNEDY <KENNEDY INVESTMENT A/C>	32,188,872	1.64
CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON A/C>	31,000,000	1.58
STARBEAU PTY LTD <LIMITLESS A/C>	30,937,500	1.58

MR MATHEW RAY MERSON + MRS CORDI MERSON <MERSON SUPER FUND A/C>	30,119,697	1.54
WINS ASSET MANAGEMENT PTY LTD <WINS A/C>	30,000,000	1.53
UBS NOMINEES PTY LTD	30,000,000	1.53
P & P OPERATIONS PTY LTD <PARADICE SUPER FUND A/C>	29,166,667	1.49
GLORY HORSE INVESTMENT HOLDINGS LIMITED	28409091	1.45
	1,209,259,144	**61.71**

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>	354,580,581	18.09

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