

CYCLIQ GROUP LIMITED

ABN 47 119 749 647

Appendix 4D

Half-Year Report Period

Results

Reporting Periods

- Current period: Six-month period ended 31 December 2018
- Previous corresponding period: Six-month period ended 31 December 2017

		Percentage Change		31 December 2018 \$'000s	31 December 2017 \$'000s
▪ Revenue	Up	57%	to	3,041	1,935
▪ Other Income	Up	10,547%	to	320	3
▪ Profit/(Loss) before tax	Up	41%	to	(1,479)	(2,528)
▪ Profit/(Loss) after tax	Up	41%	to	(1,479)	(2,528)
▪ EBITDA (excl transaction costs, impairment)	Down	41%	to	(1,369)	(2,327)

Dividends

Current period:

- Interim Dividend Nil N/A
- Date the Dividend is Payable: N/A N/A
- Record Date for determining entitlements to the Dividend: N/A N/A

Previous corresponding period:

- Interim Dividend Nil N/A

Net Tangible Assets (NTA) per Security Dividends

				31 December 2018 ¢	30 June 2018 ¢
NTA backing per ordinary share	Up	98%	to	0.2674	0.1383

Commentary on Results

Full commentary on the results for the reporting period can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2018.

CHRIS SINGLETON – EXECUTIVE CHAIRMAN

Dated this Thursday, 28 February 2019

Cycliq Group Limited

ABN 47 119 749 647

INTERIM FINANCIAL REPORT
for the half-year ended 31 December 2018

CYCLIQ GROUP LIMITED

AND CONTROLLED ENTITIES

ABN 47 119 749 647

(Previously known as Voyager Global Group Limited)

INTERIM FINANCIAL REPORT

31 December 2018

Corporate directory**Current Directors**

Chris Singleton	<i>Executive Chairman</i>	Appointed 29 November 2016
Piers Lewis	<i>Non-Executive Director</i>	Appointed 22 February 2016
Mike Young	<i>Non-Executive Director</i>	Appointed 9 February 2017; (Resigned 23 January 2019)
Cyril Daoud	<i>Non-Executive Director</i>	Appointed 17 March 2017

Company Secretary

Piers Lewis	<i>Joint Company Secretary</i>	Appointed 29 November 2016
Arron Canicaia	<i>Joint Company Secretary</i>	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 A 14, Level 2, 435 Roberts Road, Subiaco, WA, 6008
Email:	info@cycliq.com
Website:	www.cycliq.com

Securities Exchange

Australian Securities Exchange
ASX Code: CYQ.AX

Share Registry

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

Auditors

Bentleys Audit & Corporate 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

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Directors' report

Your directors present their report on the consolidated entity, consisting of Cycqliq Group Limited (**Cycqliq** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2018.

1. Directors

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

- Chris Singleton Executive Chairman (*Appointed 29 November 2016*)
- Piers Lewis Non-Executive Director (*Appointed 22 February 2016*)
- Mike Young Non-Executive Director (*Appointed 9 February 2017*); (*Resigned 23 January 2019*)
- Cyril Daoud Non-Executive Director (*Appointed 17 March 2017*)

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

2. Operating and financial review

2.1. Operations Review

Summary

- **57% increase in revenue to \$3.041 million at December 2018 (Dec 2017: \$1.935 million) at a consistent gross margin of 31% (June 2018: 32%);**
- **40% improvement in profitability year on year with H1 FY19 net loss of (\$1.5M) compared to (\$2.53M) in H1 FY18**
- **18% improvement H1 FY19 EBITDA loss year on year with H1 FY19 net EBITDA loss of (\$1.38M) compared to (\$1.68M) in H1 FY18**
- **Ongoing growth in Fly6 and Fly12 Connected Edition (CE) unit sales, maintaining higher average revenue per unit than previous models;**
- **Strong evidence of repeat purchase behaviour with key distribution partners driving stable recurring baseline revenue**

In the half-year ended 31 December 2018, the company ("Cycqliq") consolidated revenue and unit sales growth achieved from the launch of the new Fly12 and Fly6 'Connected Edition' products released in December 2017.

Unit sales for the half reached 14,028 units, an increase of 23% but without the benefit of a new product launch in the latest period. Revenue was also up significantly at 57% to \$3.03M for the half year, delivered through an increased average revenue per unit which was underpinned by consistent and increasing repeat orders from key distribution and retail partners in key markets; the USA, UK, South Korea, Japan and Australia.

Proactive account management and the establishment of regular trade marketing activities, retail sales enablement and improved channel and customer support also provided further momentum to the network of distributors and retail channel partners.

Core operating metrics also improved in the December 2018 period compared to the corresponding period in 2017, with the cost of customer acquisition lowering by 37% to \$36 per unit and down from \$57 in the December 2017 period. This was matched by a lower marketing spend of \$0.5M down \$0.14M from \$0.64M in December 2017. This indicates an improving awareness and word of mouth being generated by the Fly bike cameras, and further growth in the retail and distribution channel representing cost-effective sales growth outside of direct-to-consumer channels.

These improvements in operating metrics and increased revenue delivered a 40% improvement in profitability with a net loss of \$1.5M in the half year to December 2018 period compared to \$2.53M in the corresponding 2017 period.

These are all strong, positive signs of an improving baseline efficiency in the core business. With margin steady at 33% due to stable manufacturing relationships with current suppliers, there is still upside in scale efficiencies with these existing manufacturers, as well as further planned margin improvement when manufacturing of new products is executed through the Joint Venture in China.

Directors' report

Further to the above sales and revenue update there have also been significant improvements delivered across the other core operating areas of the business:

- **Logistics:** logistics operations have been streamlined with a renewed focus on efficiency and cost control with new supplier agreements incorporating service level agreements reached with key partners.
- **Support:** a focus on improving efficiency in the support centre and improving customer self-service options have improved key customer service metrics as well as seen a reduction in cost per transaction, as well as improvements in response times, issue resolution times, and net promoter score.
- **Product and Applications:** significant effort has gone into refining the Fly6 and Fly12 CE products, with a focus on improving the user experience through updates to the firmware (which controls what the device is capable of delivering on image quality, connectivity and other new features and functions such as the bike alarm) as well as software (the mobile and desktop apps which give customers access to edit their footage, instantly share to social media access their device settings on the go). We believe that these enhancements to user experience and next generation social sharing ensure that our products become habit-forming and part of every rider's 'must-have' cycling accessories.
- **Marketing:** marketing has achieved an improved cost of customer acquisition in the half year to December 2018 (37% improvement over same period in 2017 to \$36 per unit) with further opportunity for decreased cost of acquisition as more devices are distributed to customers and word of mouth grows, and standing orders from retail partners are increased. Advertising activity focused on North America as did public relations, however significant effort was also made to refresh point of sales material and in-store displays globally to improve retail channel support around the world and capitalise on growing awareness of bike cameras and the Cycliq brand in key markets.
- **Research:** Cycliq recently completed further extensive research across the core markets of USA, UK and Australia with more than 8,000 responses collected from key cycling market segments. Highlights from the research include: Unprompted brand awareness is low in key US market (under 3%) indicating plenty of upside for growth if awareness increases to similar levels as in Australia (20%+). More than 60% of respondents say they would consider buying a Cycliq product once they were aware of the value proposition.

2.2. Financial Review

a. Operating results

With the 'Connected Edition' product launch completed, management focused on streamlining core operations and targeted expansion of the retail footprint in key markets for the half year period to December 2018.

H1 of the current financial year has seen the company continue its strong sales growth trajectory with a 57% increase in revenue for the period to \$3,040,985 (Dec 2017: \$1,935,197) at a consistent gross margin of 30% (Dec 2017: 32%). The Group delivered a 31 December 2018 loss before tax of \$1,496,142, a 41% improvement over the previous corresponding period (Dec 2017: \$2,527,693 loss) reflecting a focus on stabilising operating costs to prepare the business for sustainable growth and improved gross margin from higher average revenue per unit sold.

H1 also delivered a reduced cost of customer acquisition – down 37% to \$36 per unit – and combined with planned increases in standing orders from distributors and channel partners in the second half, created a solid trajectory to sustainability given the more efficient operating cost base.

The loss for the period to December 2017 is inclusive of non-cash share-based payment expenses of \$689,184 and depreciation and amortisation expenses of \$203,099.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1 Statement of significant accounting policies: Going Concern.

b. Financial position

The Group has a net asset position of \$1,199,197 at 31 December 2018 (June 2018: \$1,651,918 net asset position).

As at 31 December 2018, the Group's cash and cash equivalents decreased to \$560,417 (June 2018: \$315,046) and the group had working capital of \$646,085 (June 2018: \$859,315 working capital).

Directors' report**2.3. Events Subsequent to Reporting Date**

- The company announced to the market on 28 February 2019 that it had successfully executed a \$2 million secured Debt Facility with Partners for Growth (PFG). PFG is a Silicon Valley headquartered investment firm that provides growth capital and debt funding solutions to fast-growing technology companies in Australia and globally. Key details of the Debt Facility are set out in the ASX announcement, '*Cycliq secures \$2 million debt facility from PFG*', announced separately to the market on 28 February 2019;
- Non-Executive Director Mike Young resigned on the 23rd of January 2019; and
- 11,502,991 ordinary shares and 4,642,858 free attaching options were issued to contractors on 22 January 2019 in accordance with the terms outlined in the Appendix 3B issued by the company on that date.

3. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2018 has been received and can be found on page 4 of the Interim Financial Report.

**CHRIS SINGLETON**

Dated this Thursday, 28 February 2019

**Bentleys Audit & Corporate
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To the Board of Directors

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

As lead audit director for the review of the financial statements of Cycliq Group Limited for the period ended 31 December 2018, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Partner

Dated at Perth this 28th day of February 2019

CYCLIQ GROUP LIMITED

AND CONTROLLED ENTITIES
ABN 47 119 749 647

INTERIM FINANCIAL REPORT

31 December 2018

Condensed consolidated statement of profit or loss and other comprehensive income

for half-year ended 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Continuing operations			
Revenue	3a	3,040,985	1,935,197
Costs of sales		(2,140,713)	(1,313,612)
Gross Profit		900,272	621,585
Other income	3b	319,630	3,002
Administrative expenses	4a	(182,342)	(348,905)
Distribution expenses	4b	(504,025)	(647,262)
Employee related costs	4c	(1,389,133)	(1,058,547)
Share based payments expense	4c	(32,274)	(651,914)
Research and development expenses		(37,467)	(14,059)
Depreciation and amortisation		(306,441)	(203,099)
Impairment expenses		-	-
Other operating expenses	4d	(222,214)	(227,797)
Finance costs		(42,149)	(697)
Loss before tax		(1,496,142)	(2,527,693)
Income tax benefit / (expense)		-	-
Net (loss) / profit for the half-year		(1,496,142)	(2,527,693)
▪ Profit/ (loss) attributable to minority interests		(10,812)	(7,706)
▪ Profit/ (loss) attributable to members of the parent entity		(1,485,330)	(2,519,987)
		(1,496,142)	(2,527,693)
Other comprehensive income, net of income tax			
▪ Exchange difference on translating foreign operations attributable to Minority interest		-	1
▪ Exchange difference on translating foreign operations attributable to Parent		(1,035)	9,657
Other comprehensive income for the half-year, net of tax		(1,035)	9,658
Total comprehensive income / (loss) for the half year		(1,497,177)	(2,518,035)
▪ Profit/ (loss) attributable to minority interests		(10,812)	(7,705)
▪ Profit/ (loss) attributable to members of the parent entity		(1,486,365)	(2,510,330)
		(1,497,177)	(2,518,035)
Earnings per share:		(cents)	(cents)
Basic and diluted loss per share (cents per share)	6	(0.183)	(0.33829)

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

INTERIM FINANCIAL REPORT

31 December 2018



CYCLIQ GROUP LIMITED

AND CONTROLLED ENTITIES

ABN 47 119 749 647

Condensed consolidated statement of financial position

as at 31 December 2018

	Note	31 December 2018 \$	30 June 2018 \$
Current assets			
Cash and cash equivalents		560,417	315,046
Trade and other receivables	7	615,832	789,540
Inventories		437,829	727,348
Prepayments		819,202	411,180
Total current assets		2,433,280	2,243,114
Non-current assets			
Plant and equipment	9	106,664	219,466
Intangible assets	10	446,448	573,137
Total non-current assets		553,112	792,603
Total assets		2,986,392	3,035,717
Current liabilities			
Trade and other payables	11	1,159,763	723,722
Provisions	13	117,432	124,170
Borrowings	12	510,000	535,907
Total current liabilities		1,787,195	1,383,799
Total liabilities		1,787,195	1,383,799
Net assets / (deficiency)		1,199,197	1,651,918
Equity			
Issued capital	14	13,152,063	12,122,191
Reserves		324,260	310,711
Accumulated losses		(12,252,655)	(10,767,325)
Parent entity interest		1,223,668	1,665,577
Minority interest		(24,471)	(13,659)
Total equity		1,199,197	1,651,918

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

CYCLIQ GROUP LIMITED

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ABN 47 119 749 647

INTERIM FINANCIAL REPORT

31 December 2018

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2018

Note	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Share Based Payments Reserve \$	Minority Interests \$	Total \$
Balance at 1 July 2017	11,412,975	(6,925,860)	46,366	223,811	-	4,757,292
Loss for the half-year attributable owners of the parent	-	(2,519,987)	-	-	(7,706)	(2,527,693)
Other comprehensive income:						
Foreign exchange gains / (loss) on consolidation	-	-	9,657	-	1	9,658
Total comprehensive income for the half-year attributable owners of the parent	-	(2,519,987)	9,657	-	(7,705)	(2,518,035)
Transaction with owners, directly in equity	-	-	-	-	-	-
Shares issued during the half-year	687,184	-	-	-	-	687,184
Performance shares issued	-	-	-	8,714	-	8,714
Transaction costs	-	-	-	-	-	-
Balance at 31 December 2017	12,100,159	(9,445,847)	56,023	232,525	(7,705)	2,935,155
Balance at 1 July 2018	12,122,191	(10,767,325)	58,796	251,914	(13,659)	1,651,918
Loss for the half-year attributable owners of the parent	-	(1,485,330)	-	-	(10,812)	(1,496,142)
Other comprehensive income:						
Foreign exchange gains / (loss) on consolidation	-	-	(1,035)	-	-	(1,035)
Total comprehensive income for the half-year attributable owners of the parent	-	(1,485,330)	(1,035)	-	(10,812)	(1,497,177)
Transaction with owners, directly in equity						
Shares issued during the half-year	1,156,158	-	-	-	-	1,156,158
Performance shares and options issued	-	-	-	14,584	-	14,584
Transaction costs	(126,286)	-	-	-	-	(126,286)
Balance at 31 December 2018	13,152,063	(12,252,655)	57,762	266,498	(24,471)	1,199,197

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

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31 December 2018



CYCLIQ GROUP LIMITED

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Condensed consolidated statement of cash flows for the half-year ended 31 December 2018

Note	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities		
Receipts from customers	2,957,003	1,768,998
Other income received	620,090	3,002
Interest and borrowing costs received	1,005	-
Interest and borrowing costs paid	-	(697)
Payments to suppliers and employees	(4,229,476)	(3,635,258)
Net cash used in operating activities	(651,378)	(1,863,955)
Cash flows from investing activities		
Purchase of intangible assets (capitalised development costs)	(45,283)	(436,353)
Purchase of plant and equipment	(21,667)	(13,375)
Net cash used in investing activities	(66,950)	(449,728)
Cash flows from financing activities		
Net proceeds from issue of shares	1,094,400	-
Payment made in respect to issue of shares	(111,702)	-
Prepayments for finance facilities	(20,000)	-
(Repayment of) / Proceeds from borrowings	(26,744)	(17,779)
Net cash provided by financing activities	935,954	(17,779)
Net increase in cash held	217,627	(2,331,462)
Foreign exchange effects on cash balances held	27,744	(12,405)
Cash and cash equivalents at the beginning of the half-year	315,046	3,253,972
Cash and cash equivalents at the end of the half-year	560,417	910,105

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

Notes to the consolidated financial statements

for the half-year ended 31 December 2018

Note 1 Statement of significant accounting policies

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

The financial statements were authorised for issue on 28 February 2018 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cycliq Group Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

ii. Going Concern

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

The Group incurred a loss for the half-year of \$1,496,142 (December 2017: \$2,527,693 loss) and net operating cash out-flows of \$651,378 (December 2017: \$1,863,955 out-flows). The Group Has a net asset position of \$1,199,197 at 31 December 2018 (June 2018: \$1,651,918 net asset position). As at 31 December 2018, the Group's cash and cash equivalents increased from 30 June 2018 by \$245,371 to \$560,417 at 31 December 2018 (June 2018: \$315,046) and had a working capital surplus of \$646,085 (June 2018: \$859,315 working capital surplus).

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

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

- Executed a new debt finance facility for up to \$2m with Partners for Growth in February 2019 providing a further increase to available working capital (refer to *Note 18 Events Subsequent to Reporting Date*, for full details including termination of existing debt facilities and planned conversion of accrued interest cost on that facility to equity);
- expects to start generating positive operating cash flows in the latter part of the current financial year and into next financial year from existing businesses supported by the ongoing improvements in Operational efficiency within the business and evidenced by continuing reductions in both EBITDA loss and Net Loss in the half year financial statements to 31 December 2018 and the previous full year financial statements to 30 June 2018.; and
- has the ability to raise additional capital on the Australian stock market should there be a requirement to do so as evidenced by the \$1.1m equity raise (before fees) completed in December 2018.

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, securing a debt finance facility and if required raising additional equity capital to meet any shortfall should the consolidated entity require it. Should the Group not achieve these results or be unable to raise additional capital, there is material uncertainty whether the consolidated entity would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

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

INTERIM FINANCIAL REPORT

31 December 2018

CYCLIQ GROUP LIMITED

AND CONTROLLED ENTITIES

ABN 47 119 749 647

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 2 Company details

a. Registered Office

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

Telephone: (08) 6555 2950

Facsimile: (08) 6166 0261

Email: info@cycliq.com

Website: www.cycliq.com

b. Principal place of business

Address: Unit A 14, Level 2, 435 Roberts Road,
Subiaco, WA, 6008

Email: info@cycliq.com

Website: www.cycliq.com

Note 3 Revenue and other income

a. Revenue

	31 December 2018 \$	31 December 2017 \$
Fly12 sales	13,380	834,758
Fly6 sales	5,412	736,941
Fly12 CE sales	1,536,606	308,479
Fly6 CE sales	1,317,877	-
Other accessories sales	166,826	47,783
Other	884	7,636
	3,040,985	1,935,197

b. Other Income

Grant Income	318,375	-
Interest income	1,255	3,002
	319,630	3,002

Note 4 Loss before income tax

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

a. Administrative expenses:

□ Consultants expenses	83,154	181,040
□ Audit fee expenses	10,364	2,566
□ Legal expenses	7,261	61,855
□ ASX operating expenses	46,300	40,779
□ Share registry expenses	14,344	8,706
□ Other administrative expenses	20,920	53,959
	182,343	348,905

CYCLIQ GROUP LIMITED

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31 December 2018

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 4 Loss before income tax

b. Distribution expenses:

- Advertising and marketing expenses
- Warehouse and storage fees
- Public Relations

	31 December 2018 \$	31 December 2017 \$
	431,413	640,635
	-	6,627
	72,612	-
	504,025	647,262

c. Employee related expenses:

- Salaries and wages
- Annual Leave expenses
- Superannuation costs
- Sub-contractor costs - Australia
- Sub-contractor costs – Philippines
- Sub-contractor costs – USA
- Sub-contractor costs – Other
- Employee and Contractor share based payments
- Staff training expenses
- Payroll tax expense
- Directors fees

	580,486	610,758
	(7,201)	(7,169)
	48,703	55,764
	297,940	33,156
	274,351	137,780
	111,110	16,893
	17,475	51,042
	32,274	12,764
	3,597	25,135
	(22,364)	37,313
	85,036	85,111
	1,421,407	1,058,547

d. Other operating costs:

- Travel & Accommodation expenses
- Foreign currency gains and losses
- IT costs
- Insurance
- Quality Assurance costs
- Rental expenses
- Disputed Freight Cost*
- Other operating costs / (recoupment)

	55,330	105,500
	(28,780)	22,061
	10,766	30,946
	27,093	22,647
	-	2,920
	38,071	23,659
	70,596	-
	49,138	19,564
	222,214	227,797

*USD\$ 50,000 was charged in excess of the company's usual shipping and freight costs in July and August 2018 for shipments from China into the US. This was to recover increased tariff charges. The company sought a ruling in the US on the correct tariff application for imports of its products in to the US and it was found that the products were incorrectly assigned to an incorrect tariff category. This ceased the application of the increased tariff costs for the remainder of the Half year and a claim has been lodged to seek a refund of the USD\$ 50,000. The claim is ongoing and it there is currently no certainty over the outcome. An extraordinary expense has been recorded at 31 December 2018 for this amount in the other expenses category. its products and is using this as the basis

INTERIM FINANCIAL REPORT

31 December 2018



CYCLIQ GROUP LIMITED

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Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2018

Note 5 Company details

a) 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 2018 consolidated financial statements.

b) Expenses arising from share-based payments for the period

Note	31 December 2018 \$	31 December 2017 \$
Shares issued to key management personnel as remuneration for services provided	24,147	123,200
Shares issued to employees as remuneration for services provided	8,127	-
Shares issued to contractors and consultants as consideration for services provided	-	29,984
Shares issued to related party as consideration for services provided	-	36,000
Shares issued to JV partner as consideration for services provided	-	500,000
Total share based payment at 31 December 2018	32,274	689,184

Note 6 Earnings per share (EPS)

a. Reconciliation of earnings to profit or loss

(Loss) / profit for the half-year attributable to members of the parent entity

(Loss) / profit used in the calculation of basic and diluted EPS

Note	31 December 2018 \$	31 December 2017 \$
	(1,483,330)	(2,519,987)
	(1,483,330)	(2,519,987)

b. Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS

31 December 2018 No.	31 December 2017 No.
805,964,181	744,924,799

c. Earnings per share

Basic and diluted EPS (cents per share)

31 December 2018 ¢	31 December 2017 ¢
(0.1843)	(0.33829)

d. At the end of the half-year ended 31 December 2018, the Group had 94,357,153 unissued shares under options (Dec 2017: 36,550,000). The Group does not report diluted earnings per share on annual losses generated by the Group.

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Note 7 Trade and other receivables

Current

Trade receivables	
Less: provision for impairment	
Accrued income receivable	
Goods and Services Tax receivable	
Research and Development Tax Refund Receivable	
Other receivables	

31 December 2018 \$	30 June 2018 \$
493,251	388,141
(8,000)	-
21,412	28,915
48,267	60,579
-	300,460
60,902	11,445
615,832	789,540

Note 8 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	
			31 December 2018	30 June 2018
▫ Cycliq Products Pty Ltd	Australia	Ordinary	100%	100%
▫ Cycliq Research and Development (HK) Ltd*	Hong Kong	Ordinary	50%	50%

b. Account parent entity

Cycliq Products Pty Ltd is the accounting parent of the Group

i. Accounting subsidiaries

	Country of Incorporation	Class of Shares	Percentage Controlled	
			31 December 2018	30 June 2018
▫ Cycliq Group Limited	Australia	Ordinary	100%	100%
▫ Cycliq Research and Development (HK) Ltd*	Hong Kong	Ordinary	50%	50%

c. Investments in subsidiaries are accounted for at cost.

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Note 9 Property, plant, and equipment

Non-current

Computer equipment at cost

Accumulated depreciation

Fly6 CE Dummy units

Accumulated depreciation

Fly12 CE Dummy units

Accumulated depreciation

Office furniture and equipment at cost

Accumulated depreciation

Leasehold improvements

Accumulated depreciation

Point of Presence countertop display units at cost

Accumulated depreciation

Total property, plant, and equipment

31 December 2018 \$	30 June 2018 \$
56,508	47,310
(34,862)	(25,598)
21,646	21,712
3,498	-
(292)	-
3,206	-
6,960	-
(981)	-
5,979	-
40,049	43,989
(25,101)	(28,435)
14,947	15,554
3,432	3,433
(1,999)	(1,133)
1,434	2,300
503,367	503,367
(443,915)	(323,466)
59,452	179,901
106,664	219,466

Note 10 Intangible assets

Non-current

Product development costs

Accumulated amortisation

Impairment

Total Intangible assets

31 December 2018 \$	30 June 2018 \$
1,214,434	1,169,151
(767,986)	(596,014)
-	-
446,448	573,137

Movement for the period

Opening Balance

Additions for capitalised development costs

Amortisation

Total Intangible assets

573,137	414,873
45,283	547,754
(171,972)	(389,490)
446,448	573,137

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Note 11 Trade and other payables

Current

Unsecured

Trade payables	453,580	268,555
Accrued expenses	320,823	323,102
Salary and wages payable – Joint Venture	20,673	-
Product development costs – related party payable	285,989	-
Other payables	78,698	132,065
	1,159,763	723,722

31 December 2018 \$	30 June 2018 \$
453,580	268,555
320,823	323,102
20,673	-
285,989	-
78,698	132,065
1,159,763	723,722

Note 12 Borrowings

Current

Trade Finance Facility (Shareholder Loan)*	510,000	510,000
Insurance premium funding	-	25,907
	510,000	535,907

31 December 2018 \$	30 June 2018 \$
510,000	510,000
-	25,907
510,000	535,907

*Refer Note 18 Events subsequent to reporting date for details of new debt funding facility executed on 28 February 2019 with Partners for Growth. Upon drawdown on the new facility the \$510,000 outstanding principle will be repaid to the existing lenders and the existing shareholder loan facility will be terminated. Accrued interest on the loan as at the date of this report is \$68,827. To support the Company's cash flow, interest accrued over the life of the shareholder loan is proposed to be converted to 9,832,429 ordinary shares, subject to shareholder approval, and on the same terms as recent equity raisings of \$0.007 per share.

Note 13 Provisions

Current

Provision for current employee benefits	26,766	33,504
Provision for warranty claims	85,399	85,399
Provision for unearned income	5,267	5,267
	117,432	124,170

31 December 2018 \$	30 June 2018 \$
26,766	33,504
85,399	85,399
5,267	5,267
117,432	124,170

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Note 14 Issued capital

	31 December 2018 No.	30 June 2018 No.	31 December 2018 \$	30 June 2018 \$
Fully paid ordinary shares at no par value	942,009,238	779,784,490	13,152,063	12,122,191
	6 months to 31 December 2018 No.	12 months to 30 June 2018 No.	6 months to 31 December 2018 \$	12 months to 30 June 2019 \$
a. Ordinary shares				
At the beginning of the period	779,784,490	741,433,530	12,122,191	11,412,975
Shares issued during the period:				
▪ Issue of shares	-	38,350,960	-	711,216
▪ Share Placement capital raise – Tranche 1	99,331,339		686,549	
▪ Share Placement capital raise – Tranche 2	57,882,945		407,851	
▪ Shares issued to contractors and consultants	3,757,838		51,356	
▪ Shares issued to employees	1,252,626		10,402	
Transaction costs relating to share issues	-		(126,286)	(2,000)
At reporting date	942,009,238	779,784,490	13,152,063	12,122,191

b. Options

There were 94,357,143 unlisted options on issue at the balance date (30 June 2018: 36,550,000)

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Note 15 Operating segments

a. Segment Performance

Half-Year ended 31 December 2018	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
▫ Revenue	1,128,920	485,795	1,078,960	347,309	3,040,985
Total segment revenue	1,128,920	485,795	1,078,960	347,309	3,040,985
Total group revenue and other income					3,040,985
Segment net profit from continuing operations before tax	143,818	334,213	319,422	102,820	900,272
<i>Reconciliation of segment loss to group loss</i>					
(i) Amounts not included in segment results but reviewed by Board:					
▫ Other income					319,630
▫ Administrative expenses					(182,342)
▫ Distribution expenses					(504,025)
▫ Employee related expenses					(1,389,133)
▫ Research and development expenses					(37,467)
▫ Depreciation and amortisation					(306,441)
▫ Impairment expenses					-
▫ Other operating expenses					(222,213)
(ii) Unallocated items					
▫ Share-based payments					(32,274)
▫ Corporate transaction accounting expense					-
▫ Interest and finance costs					(42,149)
Loss before income tax					(1,496,142)

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Half-Year ended 31 December 2017	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
▫ Revenue	777,833	463,501	490,602	203,261	1,935,197
Total segment revenue	777,833	463,501	490,602	203,261	1,935,197
Total group revenue and other income					1,935,197
Segment net profit from continuing operations before tax	249,840	148,876	157,581	65,287	621,585
<i>Reconciliation of segment loss to group loss</i>					
(iii) Amounts not included in segment results but reviewed by Board:					
▫ Other income					3,002
▫ Administrative expenses					(348,905)
▫ Distribution expenses					(647,262)
▫ Employee related expenses					(1,058,547)
▫ Research and development expenses					(14,059)
▫ Depreciation and amortisation					(203,099)
▫ Impairment expenses					-
▫ Other operating expenses					(227,797)
(iv) Unallocated items					
▫ Share-based payments					(651,914)
▫ Accrued interest on loan facilities					-
▫ Interest					(697)
Loss before income tax					(2,527,693)

b. Segment Assets and Liabilities

As at 31 December 2018	USA \$	Australia \$	UK \$	Other \$	Total \$
Segment Assets	20,140	-	233,124	59,499	312,763
<i>Reconciliation of segment to group assets</i>					
▫ Unallocated assets					2,673,629
Total assets					2,986,392
Segment Liabilities	-	-	-	-	-
<i>Reconciliation of segment to group liabilities</i>					
▫ Unallocated liabilities					1,787,195
Total liabilities					1,787,195

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for the half-year ended 31 December 2018

As at 30 June 2018	USA \$	Australia \$	UK \$	Other \$	Total \$
Segment Assets	13,497	-	251,699	-	265,196
Reconciliation of segment to group assets					
▫ Unallocated assets					2,770,521
Total assets					3,035,717
Segment Liabilities	-	-	-	-	-
-Reconciliation of segment to group liabilities					
▫ Unallocated liabilities					1,383,799
Total liabilities					1,383,799

Note 16 Commitments

There is no significant change in the Company's commitments or contingencies since the year ended 30 June 2018 to date of this report.

Operating leases

Operating leases relate to a new office lease signed during the period with a lease term of 2 years. This lease is due to expire in November 2019, resulting in a current non-cancellable operating lease commitment of \$23,930 and a current non-cancellable operating lease commitment of \$21,935.

Note 17 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

Note 18 Events subsequent to reporting date

The following events and transactions occurred subsequent to 31 December 2018:

Non-Executive Director Mike Young resigned on the 23rd of January 2019;

11,502,991 ordinary shares and 4,642,858 free attaching options were issued to contractors on 22 January 2019 in accordance with the terms outlined in the Appendix 3B issued by the company on that date; and

- The company announced to the market on 28 February 2019 that it had successfully executed a \$2 million secured Debt Facility with Partners for Growth (PFG). PFG is a Silicon Valley headquartered investment firm that provides growth capital and debt funding solutions to fast-growing technology companies in Australia and globally. Key details of the Debt Facility are set out in the ASX announcement, 'Cycliq secures \$2 million debt facility from PFG', announced separately to the market on 28 February 2019.

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Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 5 to 19, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:

A handwritten signature in red ink, consisting of a series of loops and a long horizontal stroke, representing Chris Singleton.

CHRIS SINGLETON – EXECUTIVE CHAIRMAN

Dated this Thursday, 28 February 2019

Independent Auditor's Review Report

To the Members of Cycliq Group Limited

We have reviewed the accompanying financial report of Cycliq Group Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the period.

Directors Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Review Report

To the Members of Cycliq Group Limited (Continued)



Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Cycliq Group Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the period ended on that date; and
- b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(aii) in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,496,142 during the half year ended 31 December 2018. As stated in Note 1(aii), these events or conditions, along with other matters as set forth in Note 1(aii), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 28th day of February 2019