

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Financial Statements

For the Half Year Ended 31 December 2017

SQID Technologies Limited

ABN 44 121 655 472

Contents

For the Half Year Ended 31 December 2017

	Page
Condensed Consolidated Financial Statements	
Directors Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	2
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7
Directors' Declaration	9
Independent Auditor's Review Report	10

SQID Technologies Limited

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**Directors Report
For the Half Year Ended 31 December 2017**

The directors submit the condensed consolidated financial report of the Company and its subsidiaries (the Group) for the half year ended 31 December 2017.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

- Peter Hall
- Daniel Desplat
- Andrew Sterling

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

Review of operations

A review of the operations of the Group during the year and the results of those operations show an improvement in operating results due to a significant increase in revenue.

- Revenue: \$1.497m, an increase of \$935k (167%) on the same period last year.
- Net Profit Before Tax: \$263k, an increase of \$263k on the same period last year.
- Cash & Cash Equivalents: \$694k, an increase of \$155k (29%) on the same period last year.

SQID continues to invest in growth opportunities with a focus on projects that will create or migrate significant transactions volumes. The "powered by SQID" partnering channel continues to provide productive relationships with good prospects for sustained growth.

The profit in the half year to December 2017 has resulted in an improved financial position for the group compared to June 2017.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2017 has been received and can be found on page 2 of the condensed consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.


Director:
Peter Hall

Dated: 1st Feb 2018

SQID Technologies Limited

ABN 44 121 655 472

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

SAAS Audit Pty Ltd



James Kenward
Director

Suite 4, 118 Vulture Street
South Brisbane QLD 4101

Dated: 1/2/2018

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
Payment transaction fees	1,497,180	561,550
Other merchant income	73,993	147,724
Direct transaction costs	(941,818)	(347,599)
Gross profit	629,355	361,675
Other income	5,366	383
Marketing expenses	(72)	(3,098)
Administrative expenses	(123,803)	(106,212)
Provision for penalties	(25,000)	-
Depreciation and amortisation	(4,040)	(5,122)
Professional fees	(211,332)	(113,614)
Other expenses	(7,049)	(132,830)
Finance costs	-	(1,191)
Profit/(loss) before income tax	263,425	(9)
Income tax expense	(86,533)	-
Profit/(loss) from continuing operations	176,892	(9)
Profit/(loss) for the half year	176,892	(9)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	176,892	(9)
Profit/(loss) attributable to:		
Members of the parent entity	176,892	(9)
Total comprehensive income attributable to:		
Members of the parent entity	176,892	(9)

The accompanying notes form part of these financial statements.

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Statement of Financial Position

As At 31 December 2017

	31 December 2017	30 June 2017
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	694,263	539,370
Merchant float	724,208	420,969
Trade and other receivables	10,527	296
Other assets	19,919	-
TOTAL CURRENT ASSETS	1,448,917	960,635
NON-CURRENT ASSETS		
Property, plant and equipment	3,445	2,386
Deferred tax assets	1,031,300	1,117,833
Intangible assets	115,140	118,945
TOTAL NON-CURRENT ASSETS	1,149,885	1,239,164
TOTAL ASSETS	2,598,802	2,199,799
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	202,905	202,587
Merchant creditors	872,725	675,368
Short-term provisions	25,000	-
Employee benefits	21,481	22,045
TOTAL CURRENT LIABILITIES	1,122,111	900,000
TOTAL LIABILITIES	1,122,111	900,000
NET ASSETS	1,476,691	1,299,799
EQUITY		
Issued capital	6,529,286	6,529,286
Retained earnings	(5,052,595)	(5,229,487)
Total equity attributable to equity holders of the Company	1,476,691	1,299,799
TOTAL EQUITY	1,476,691	1,299,799

The accompanying notes form part of these financial statements.

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2017

2017

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2017	6,529,286	(5,229,487)	1,299,799
Profit attributable to members of the parent entity	-	176,892	176,892
Balance at 31 December 2017	6,529,286	(5,052,595)	1,476,691

2016

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2016	6,285,486	(6,549,119)	(263,633)
Loss attributable to members of the parent entity	-	(9)	(9)
Transactions with owners in their capacity as owners			
Contribution of equity, net of transaction costs	35,323	-	35,323
Balance at 31 December 2016	6,320,809	(6,549,128)	(228,319)

The accompanying notes form part of these financial statements.

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Statement of Cash Flows For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,612,177	874,758
Payments to suppliers and employees	(1,416,377)	(587,241)
Interest received	5,366	383
Interest paid	-	(1,191)
Net GST received from/(paid to) ATO	(43,082)	(11,339)
Net cash provided by/(used in) operating activities	<u>158,084</u>	<u>275,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(3,191)	-
Net cash provided by/(used in) investing activities	<u>(3,191)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	9,000
Repayment of borrowings	-	(59,500)
Net cash provided by/(used in) financing activities	<u>-</u>	<u>(50,500)</u>
Net increase/(decrease) in cash and cash equivalents held	154,893	224,870
Cash and cash equivalents at beginning of year	539,370	62,407
Cash and cash equivalents at end of financial year	<u>694,263</u>	<u>287,277</u>

The accompanying notes form part of these financial statements.

SQID Technologies Limited

ABN 44 121 655 472

Notes to the Financial Statements

For the Year Ended 31 December 2017

The condensed consolidated financial report covers SQID Technologies Limited and its controlled entities ('the Group'). SQID Technologies Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

This condensed consolidated interim financial report for the reporting period ending 31 December 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of SQID Technologies Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. Where necessary, certain comparatives have been reclassified and repositioned for consistency with current year disclosures.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

SQID Technologies Limited

ABN 44 121 655 472

Notes to the Financial Statements

For the Year Ended 31 December 2017

2 Result for the Year

The following revenue and expense items are relevant in explaining the financial performance of the Group for this interim period:

	2017	2016
	\$	\$
Revenue		
Other income - interest	5,366	383
Expenses		
Provision for penalties	25,000	-
Professional fees	211,332	113,614
Other expenses include:		
Bad debts	-	104,101
Impairment of intangibles - patents	-	8,060

Interest income has increased as excess cash has been invested in low risk deposits.

In light of previous fines levied by card schemes, it was felt prudent to provide for a future possible fine of \$50,000. This is being done on a monthly basis over the 2017/18 financial year which has resulted in the \$25,000 provision for penalties above.

Professional fees have increased significantly, as from 1 July 2017 directors and executive staff are remunerated at market rates. This was done given that the company is now generating positive cash flows and has no third-party debt.

There has been no incidence of bad debts in the current interim period, nor was any impairment of patents deemed necessary.

3 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2017 (31 December 2016:None).

4 Events Occurring After the Reporting Date

On 18 January 2018, the company was admitted onto ASIC's Low Volume Financial Market. The company is now working to make this share trading platform available to the market via its website.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

SQID Technologies Limited

ABN 44 121 655 472

Directors' Declaration

The directors of the Company declare that:

1. The condensed consolidated financial statements and notes, as set out on pages 3 to 8 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
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.

Director 
Peter Hall

Dated: *15th Feb. 2018*

SQID Technologies Limited

ABN 44 121 655 472

Independent Auditor's Review Report to the members of SQID Technologies Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of SQID Technologies Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration. The Consolidated Entity comprises the Company and the entities it controlled during that half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors' determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's 's financial position as at 31 December 2017 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 SQID Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SQID Technologies Limited is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's 's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

SAAS Audit Pty Ltd



James Kenward
Director

Suite 4, 118 Vulture Street
South Brisbane QLD 4101

Dated: 1/2/2018