

SQID Technologies Limited

ABN 44 121 655 472

Condensed Consolidated Financial Statements

For the Half Year Ended 31 December 2018

SQID Technologies Limited

ABN 44 121 655 472

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For the Half Year Ended 31 December 2018

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SQID Technologies Limited

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Directors' Report For the Half Year Ended 31 December 2018

The directors submit the condensed consolidated financial report of the Company and its subsidiaries (the Group) for the half year ended 31 December 2018.

Information on directors

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

Peter Hall

Qualifications	BSc, MBA
Experience	Founding Chairman of the Company in 2006, 35 years experience as a company director, entrepreneur and professional advisor to businesses
Interest in shares and options	2,779,436 ordinary shares held indirectly
Special responsibilities	Member of the due diligence and remuneration committee

Daniel Desplat

Qualifications	none
Experience	Founding investor in the Company
Interest in shares and options	987,161 ordinary shares held indirectly
Special responsibilities	Member of the due diligence and remuneration committee

Andrew Sterling

Qualifications	Cert IV in Financial Services, Diploma of Financial Services
Experience	33 years of banking and finance experience including senior positions at ANZ and Citibank
Interest in shares and options	1,806,600 ordinary shares held indirectly
Special responsibilities	Member of the due diligence and remuneration committee

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: \$2.276m, an increase of \$780k (52%) on the same period last year.
- Net Profit Before Tax: \$623k, an increase of \$360k on the same period last year.
- Cash & Cash Equivalents: \$1.7m.

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 2018 has resulted in an improved financial position for the group compared to June 2018.

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Directors' Report
For the Half Year Ended 31 December 2018

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 2018 has been received and can be found on page 3 of the condensed consolidated financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Peter Hall

Dated: 12/2/19

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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 2018, 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

138 Juliette Street
Greenslopes QLD 4120

Dated: 12/2/2019

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2018

	31 December 2018	31 December 2017
	\$	\$
Payment transaction fees	2,276,867	1,497,180
Other merchant income	64,738	73,993
Direct transaction costs	(1,363,969)	(941,818)
Gross profit	977,636	629,355
Other income	16,036	5,366
Marketing expenses	(77)	(72)
Administrative expenses	(169,581)	(123,803)
Provision for penalties	-	(25,000)
Depreciation and amortisation	(4,361)	(4,040)
Professional fees	(193,018)	(211,332)
Other expenses	(3,155)	(7,049)
Profit before income tax	623,480	263,425
Income tax expense	(171,591)	(86,533)
Profit from continuing operations	451,889	176,892
Profit for the half year	451,889	176,892
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	451,889	176,892
Profit attributable to:		
Members of the parent entity	451,889	176,892
Total comprehensive income attributable to:		
Members of the parent entity	451,889	176,892

The accompanying notes form part of these financial statements.

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Condensed Consolidated Statement of Financial Position

As At 31 December 2018

	31 December 2018	30 June 2018
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,701,696	1,132,533
Merchant float	2,437,464	440,984
Trade and other receivables	3,522	714
Loans and advances	12,500	12,500
Other assets	22,786	10,148
TOTAL CURRENT ASSETS	4,177,968	1,596,879
NON-CURRENT ASSETS		
Property, plant and equipment	2,210	2,766
Deferred tax assets	788,786	960,377
Intangible assets	107,530	111,335
TOTAL NON-CURRENT ASSETS	898,526	1,074,478
TOTAL ASSETS	5,076,494	2,671,357
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	453,984	227,904
Merchant creditors	2,431,225	710,180
Short-term provisions	50,000	50,000
Employee benefits	29,524	23,401
TOTAL CURRENT LIABILITIES	2,964,733	1,011,485
TOTAL LIABILITIES	2,964,733	1,011,485
NET ASSETS	2,111,761	1,659,872
EQUITY		
Issued capital	6,529,286	6,529,286
Retained earnings	(4,417,525)	(4,869,414)
Total equity attributable to equity holders of the Company	2,111,761	1,659,872
TOTAL EQUITY	2,111,761	1,659,872

The accompanying notes form part of these financial statements.

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Condensed Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2018

2018

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2018	6,529,286	(4,869,414)	1,659,872
Profit attributable to members of the parent entity	-	451,889	451,889
Balance at 31 December 2018	6,529,286	(4,417,525)	2,111,761

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

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Condensed Consolidated Statement of Cash Flows For the Half Year Ended 31 December 2018

	31 December 2018	31 December 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,297,523	1,612,177
Payments to suppliers and employees	(1,683,831)	(1,416,377)
Interest received	16,036	5,366
Net GST received from/(paid to) ATO	(60,565)	(43,082)
Net cash provided by/(used in) operating activities	<u>569,163</u>	<u>158,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(3,191)
Net cash provided by/(used in) investing activities	<u>-</u>	<u>(3,191)</u>
Net increase/(decrease) in cash and cash equivalents held	569,163	154,893
Cash and cash equivalents at beginning of year	<u>1,132,533</u>	<u>539,370</u>
Cash and cash equivalents at end of financial year	<u><u>1,701,696</u></u>	<u><u>694,263</u></u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements For the Year Ended 31 December 2018

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 2018 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 2018, 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.

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:

	2018	2017
	\$	\$
Revenue		
Other income - interest	16,036	5,366
Expenses		
Provision for penalties	-	25,000
Other expenses include:		

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

No further provision for card scheme fees has been made in the current period. Based on improved controls within the Group, the Directors consider the existing provision of \$50,000 at 30 June 2018 to be adequate.

3 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2018 (31 December 2017: None).

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Notes to the Financial Statements

For the Year Ended 31 December 2018

4 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial period 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.

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Directors' Declaration

The directors of the Company declare that:

1. The condensed consolidated financial statements and notes, as set out on pages 4 to 9 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 2018 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: 12/2/19

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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 2018, 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 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 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.

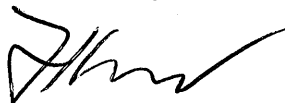
Independence

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 2018 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

138 Juliette Street
Greenslopes QLD 4120

Dated: 12/2/2019