Kyckr Limited

Annual Report
2018

Kyckr Limited
ABN 38 609 323 257
kyckr.com

Directors	Benny Higgins John Van Der Wielen Benjamin Cronin Robert Leslie Albert YL Wong
Company secretary	Karl Pechmann
Notice of annual general meeting	The details of the annual general meeting of Kyckr Limited are: Monday, 19 November 2018, 9:00am, at: Level 16 1 Market Street Sydney NSW 2000
Registered office	Level 6, 36 Grosvenor Street Sydney NSW 2000
Principal place of business	Level 6, 36 Grosvenor Street Sydney NSW 2000
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	Nexia Sydney Partnership Level 16, 1 Market Street Sydney NSW 2000
Stock exchange listing	Kyckr Limited shares are listed on the Australian Securities Exchange (ASX code: KYK)
Business objectives	Kyckr Limited has used cash and cash equivalents held at the time of listing and the time since listing to provide technology solutions to help protect against money laundering, fraud and tax evasion, in a way consistent with its stated business objectives. Kyckr aims to provide the pre-eminent automated technology solution to maintain up to date critical company identity information, in place of the traditional error and fraud prone manual people based processes.
Corporate Governance Statement	The Corporate Governance Statement was approved by the Board of Directors at the same time as the Annual Report and can be found on the 'About us' page at http://www.kyckr.com/

Executive Chairman's Report

Dear shareholders,

On behalf of the Board of Kyckr Limited (Kyckr or the Company), it is our pleasure to present the annual report for the year ended 30 June 2018.

The annual report includes the revenue contribution of Kyckr Ireland Limited in the prior year for the period of September 2017 to the end of June 2018 (10-month period). To simplify statements below, references to performance are based on 12 months revenue contribution from Kyckr Ireland for comparative information where provided.

NEW ENTERPRISE REVENUE

23%

OF TOTAL REVENUE FOR FY18

POST BILLED ONLINE SALES GROWTH

16% ↑

YEAR ON YEAR

Increased Capabilities

Operationally, we expanded our global footprint, with significant new clients and partnerships, new offices established, new resources appointed, and additional registry capabilities acquired during the year - strengthening our position as a leading global provider for company intelligence. We are grateful to our continued support from investors to support our growth plans.

Financial Overview

Kyckr's full revenue result of $1.8m was an increase of 3% on the previous full year, with growth represented across our online and enterprise solutions. This includes:

- B2C online sales revenue grew 58% to $283k in FY18 whilst post-billed online revenue grew 16% to $737k.
- New enterprise revenue grew by $400k compared to the previous year, representing 23% of total revenue for FY18.

Following a period of solid growth, revenue has now reduced to a normalised level for Bank of Ireland in FY18. We expect to secure the renewal of this contract in the near future as a result of the success and support from this cornerstone client.

The management team was pleased with the strong growth achieved in FY18 for online and post billed revenue and continues to focus on growing revenue organically.

We remain optimistic in revenue growth from new enterprise client signings and prospects. We are pleased with the significant investments made in managing complex and prolonged procurement onboarding with several clients and we look to reap the rewards from these accounts in FY19.

The loss before income tax for the year ended 30 June 2018 of $3.5 million has been impacted by non-cash share-based payment expenses of $338k. The management team continue to carefully manage the expenses of the Company to ensure costs are targeted appropriately towards revenue generating activities and continued technological improvements.

Growth Through Blue-Chip Clients

This past financial year saw the acquisition of key blue-chip clients such as Kyckr's first Australian Financial Institution, Bloomberg, IBM, a global payments provider and global US based bank. Increasing adoption of our services globally reflects strong commercial validation of Kyckr's technology, people and solutions.

Bloomberg

Bloomberg completed its integration of Kyckr's technology into Bloomberg's global network of terminals under a multi-year collaboration agreement, signalling the commencement of revenue and cash generation.

IBM

Kyckr signed a global content agreement with multinational technology company IBM, which will use Kyckr's services in its customer projects worldwide. This agreement includes integration with the IBM Watson platform used for Artificial Intelligence and performance analytics. Kyckr will earn project-based revenues as IBM utilises the Company's primary source registry data to assist with customer data cleansing, on-boarding and on-going company monitoring processes. IBM has already identified several of its customers that require Kyckr's data remediation services.

Australian Financial Services Client

Kyckr was pleased to sign its first Australian Financial Institution in September, working closely to provide solutions for decreasing risk and saving costs.

Global US Bank

Kyckr announced that it had signed a 5-year data license agreement with a global US based bank. The agreement provides automated access of Kyckr's data (API) to their global division in commercial and consumer banking products and services. The bank will now become an enterprise grade client through the new agreement.

Global Payments Provider

In January, Kyckr signed an agreement to provide KYC onboarding services to a global payments provider. Revenue commenced earlier this year under an agreement with a fixed subscription value. We will be working with the client to help improve KYC compliance obligations and further maximise revenue opportunities.

Improved Coverage and New Relationships

Data capabilities extended to include Russia, CIS and China

Kyckr was able to extend its data capabilities, adding improved access to Russia, the Commonwealth of Independent States (CIS) and China to its current global coverage. A 4-year agreement with Russian corporate information supplier Seldon 2 LLC (Seldon), enabled Kyckr to access high quality intelligence on Russian and CIS companies and individuals.

In addition, Kyckr also added a credible source of Chinese company registry data to its capabilities covering all 30 provinces.

Collaboration with Norton Rose Fulbright

Continuing to work with companies across a wide range of sectors, Kyckr commenced a collaborative relationship with Norton Rose Fulbright Australia (NRF), as legal advisors to market services across Australia.

The collaboration focusses on providing clients with specialised end-to-end solutions to meet AML and Counter-Terrorism Financing (CTF) obligations.

> **"Kyckr continues to attract quality investors"**

Continued Validation From Investors

Kyckr continued to attract quality investors throughout the financial year, reinforcing our global positioning within Anti Money Laundering and Know your Customer (KYC) sectors.

In October last year, Kyckr announced that it had raised $2 million via an institutional share placement, providing additional funds to capitalise on the significant revenue opportunity presented by the signing of US based clients including Bloomberg and IBM.

The offer received strong support from new and existing institutional, sophisticated and professional investors and closed oversubscribed. It also included the addition of 3 very high-quality fund managers experienced in tech investments.

In June this year, we announced a successful Placement to institution and sophisticated investors to raise A$5 million (after costs).

The proceeds from the Placement will be used towards additional resources (Business Development and Account Management), the continued investment of Kyckr's products (including the development of Machine Learning and Artificial Intelligence applications) and general working capital purposes.

GDPR: Working Towards Compliance

In May, Kyckr made changes to its policies in alignment with its commitment to data privacy. With the General Data Protection Regulation (GDPR) coming into enforcement, we were able to bring increased transparency and honesty around the handling of information and the strict security measures in place to protect our customers.

As always, Kyckr remains committed in only ever offering solutions and services that demonstrate compliance within GDPR.

Investment in Expertise

Kyckr continued its pursuit of strengthening its global team, people and culture. This financial year, we hired expertise to help support our strategic global growth plans:

Benny Higgins joins as Executive Chairman

In March, I stepped into the role of Executive Chairman of Kyckr. Formerly CEO of Tesco Bank and with over 30 years of financial services and global banking experience, I have been responsible for the strategic guidance and growth of the business. I will remain as Executive Chairman of the Company until the appointment of a European-based CEO and remain on the Board as Non-Executive Chair once a new CEO is appointed.

In the short time since commencing, I am pleased to be playing an active role in the management and leadership of Kyckr. Earlier in April, I visited Australia conducting a range of shareholder briefings in Perth, Melbourne and Sydney and will continue to be actively involved in building client relationships with existing and potential clients.

David Reid appointed Chief Technology Officer

Kyckr appointed David Reid as Chief Technology Officer. David's career has been focused on growing technology businesses, leading companies from early stage start-ups to highly scalable global businesses that meet the highest demands of customers. David is an entrepreneurial and driven Chief Technology Officer and was a founder of several companies. He is a facilitator and builder of world-class technology management and product development teams, with speciality in both start-up and scaled growth stages.

David's background and experience will be instrumental to the continued development of Kyckr's solutions and services.

Sales and marketing resources support growth initiatives

Additional business development and digital marketing resources commenced in support of our strategic growth plans. This will assist with greater focus in the UK, the US and a redesign and relaunch of the Kyckr website.

New Website Experience

Earlier this year, Kyckr commenced the process of redesigning its website to provide an improved, richer user experience.

Supported by extensive research on our customer journey, the new website will debut an all-new design centred around our client needs and behaviours, helping users navigate our global registry access quickly and easily. Improved functionality allows users and teams to manage their compliance obligations with more confidence than ever before.

The new website will also include comprehensive information and content for our customers, prospects, investors and partners to better understand Kyckr's global positioning in the KYC/AML space.

The new Kyckr website will look to provide an informative experience for our users as we continue to grow our brand and market presence.

Outlook

Kyckr remains focussed on providing its customers with solutions that support their ever-increasing challenges to adhere to their KYC/AML obligations. The regulatory industry is changing and with increasingly complex regulatory requirements, Kyckr will continue to deliver costs savings and risk mitigating solutions through primary source intelligence and Perpetual KYC solutions, streamlining compliance and onboarding obligations.

In a global market where regulatory technology continues to evolve rapidly, Kyckr's range of solutions continue to resonate strongly as our coverage increases to over 200 company registries, 120 countries and over 80 million legal entities.

On behalf of the Board, I would like to thank all its shareholders, staff and clients for their ongoing loyalty and support. We look forward to another year of exciting innovation, strong results and world-class solutions for our clients and shareholders.

BHiggins

Benny Higgins

Executive Chairman, Kyckr

31 August 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Kyckr Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

Directors

The following persons were directors of Kyckr Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Benny Higgins - Executive Chairman (appointed on 1 March 2018)
Mr John Van Der Wielen - Non-Executive Director (resigned as Chairman on 1 March 2018)
Mr Benjamin Cronin - Executive Director
Mr Robert Leslie - Non-Executive Director (Executive Director up until June 2018)
Mr Albert YL Wong - Non-Executive Director
David Cassidy - former Chief Executive Officer and Managing Director (resigned as Director and Chief Executive Officer on 31 December 2017 and 31 March 2018 respectively)
Mr John Walsh - Non-Executive Director (resigned on 31 December 2017)
Mr Patrick Curry - Non-Executive Director (resigned on 31 December 2017)

Principal activities

The principal activity of the Group during the period consisted of the provision of data and technology solutions to accelerate customer acquisition and protect against money laundering, fraud and tax evasion. Kyckr's solutions are connected to over 200 regulated primary sources, in over 120 countries, providing real-time company registry information on over an estimated 80 million businesses globally. Kyckr provides automated technology solutions to improve the efficiency and effectiveness of Corporate KYC.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $3,547,445 (30 June 2017: $3,447,237).

Refer to the Chairman's and Chief Executive Officer's Report for further detail.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

Subsequent to year end, shareholders ratified the issue of securities at the Extraordinary General Meeting held on 6 August 2018. In accordance with the approval by shareholders, the company issued the following securities on 10 August 2018:

- 9,056,271 ordinary shares at a price of $0.14 per share to institutional and sophisticated investors
- 1,000,000 ordinary shares at a price of $0.14 per share to Benny Higgins, a Director of the company
- 1,000,000 options exercisable at $0.20 each, expiring 10 August 2022 vesting immediately to Benny Higgins
- 1,000,000 options exercisable at $0.26, expiring 10 August 2022 vesting on 1 March 2019 to Benny Higgins

The total proceeds of the issuance of the above securities amounted to $1,407,878.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity are included in the Chairman's and Chief Executive Officer's Report on pages 3 to 5.

The Directors have identified the following business risks which may impact on the future performance of the Group:

Competition
The Group's intellectual property rights are not protected by any registered patents in any jurisdiction. This may allow competitors to develop products functionally similar to the Group's existing products. The existence of competitors with products that are functionally similar to the Group's existing products could result in loss of customers and falls of revenue, each of which could adversely affect the Group's business and operating results.

Key Personnel Risk
The successful execution of the Group's business model depends on a management team with the necessary talent and experience to integrate and manage the Group's growth plans. The loss of key management personnel could adversely affect the Group's business, results of operations or financial conditions and performance.

Current and Exchange Rate Fluctuations
The financial contribution of the Group will depend on the movement in exchange rates between the Australian Dollar and a number of other foreign currencies. The exchange rate between various currencies may fluctuate substantially and the result of these fluctuations may have an adverse impact on the Group's operating results and financial position. The Group does not enter into forward exchange contracts to hedge its anticipated purchase and sale commitments denominated in foreign currencies.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mr Benny Higgins (appointed on 1 March 2018)
Title:	Executive Chairman
Qualifications:	Benny holds a First Class Honours degree in Mathematics from the University of Glasgow and is a Fellow of the Faculty of Actuaries. He is a Fellow of the Chartered Institute of bankers in Scotland and a Fellow of the Royal Society of Edinburgh. In 2018 he was announced as a Visiting Professor at Strathclyde University and the Edinburgh Business School based in Heriot-Watt University.
Experience and expertise:	Benny Higgins has been a prominent international business leader for over thirty years, leading businesses in financial services and retail. Benny began his career at Standard Life in 1983 where he joined as an actuarial student and became a member of the Standard Life Group Executive in 1996. In 1997, he moved to RBS to become Chief Executive of Retail Banking. He was with RBS until 2015, during which time he led the successful integration of NatWest Retail Banking - one of the largest mergers ever undertaken in UK banking. He became Chief Executive Officer of HBOS plc in 2006 before joining Tesco Bank as Chief Executive in 2008. Under Benny's leadership, Tesco Bank grew to become one of the most established 'new' banks in the UK, serving more than 6 million customers and employing over 4,000 people in Edinburgh, Glasgow and Newcastle. In addition to his role at Tesco Bank, Benny was also the Group Strategy Director for Tesco PLC and was a member of the Tesco Executive Committee. Benny retired from Tesco in February 2018. In September 2017, Benny was asked by the Scottish Government to lead a project team to establish the creation of a Scottish National Investment Bank. In June 2018, Benny was announced as the strategic adviser of the Scottish National Investment Bank, leading its formation. Outside of financial services, Benny is Chairman of the National Galleries of Scotland, a Non Executive Director of Glasgow Life, Non Executive Director for the Buccleuch Group and a Prince's Trust Ambassador.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee
Interests in shares:	1,000,000 ordinary shares
Interests in options:	2,000,000 options over ordinary shares
Interests in rights:	None

Name:	Mr John Van Der Wielen
Title:	Non-Executive Director
Qualifications:	MBA FAICD
Experience and expertise:	John has over 25 years in insurance, wealth management, private banking and investments including executive positions within several global financial services groups, commencing as Chief Executive Officer and Managing Director of HBF in May 2017. This involved leading a number of acquisitions, integration and restructuring programs and senior executive board membership of listed ASX, FTSE, European and Asian entities. John is experienced in fronting stock markets, liaising with direct investors and meeting analysts on company strategy and performance in many international markets. John was previously CEO of Friends Life UK and International in London and prior to this he was the Managing Director Wealth at ANZ Bank in Sydney. Most recently John has been a Senior Adviser for Blackstone in the financial services arena and an independent non-executive on several boards. He holds an MBA from the University of Western Australia and has studied at London Business School and Oxford University. He is a Fellow of the Australian Institute of Company Directors.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee
Interests in shares:	789,404 ordinary shares
Interests in options:	2,000,000 options over ordinary shares
Interests in rights:	None

Name:	Mr. Benjamin Michael Cronin
Title:	Executive Director
Experience and expertise:	Ben is the founder of Kyckr Ireland Limited (formerly Global Business Register Limited). He fulfils the combined roles of managing all operating activities, personnel and developing prospects and clients. Ben has established relationships with numerous government registers and registrars over the last 10 years. His understanding of the Company register domain is extensive and he has presented at numerous register conferences over the years. Ben was a professional Rugby Union player, playing for Munster and Ireland. Prior to setting up GBR, Ben was a successful property developer including bid management roles on Primary Healthcare Centre Projects and a Co-Location Hospital (Public Private Partnerships) Project.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	8,529,129 ordinary shares
Interests in options:	None
Interests in rights:	6,500,000 performance rights over ordinary shares

Name:	Mr Robert Leslie
Title:	Non-Executive Director
Qualifications:	B. Eng. (Electronics)
Experience and expertise:	Robert is an electronics engineer by profession and a co- founder of Kyckr Ireland Limited (formerly Global Business Register Limited). Robert has worked internationally for Dell in Japan. Rob is a mentor with Enterprise Ireland's network, providing support to high potential start-up entrepreneurs. He is also the founder of Sedicii, which has developed an identity platform that allows individuals to prove their identity to organisations without having to share any personal information in the process. Rob is a source of innovation and strategy in technology products. He was recently selected by the World Economic Forum as a Technology Pioneer for 2015 and invited to talk at Davos.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	9,619,247 ordinary shares
Interests in options:	None
Interests in rights:	6,500,000 performance rights over ordinary shares

Name:	Mr Albert YL Wong AM
Title:	Non-Executive Director
Qualifications:	B Com. FAICD F Fin
Experience and expertise:	Albert has more than 30 years' experience in stockbroking and investment banking. He has worked for Merrill Lynch in Sydney and was a Member of the Australian Securities Exchange. He has been instrumental in the listing of numerous small cap companies and served on the boards of the same and others over the years. He is a Fellow of the Australian Institute of Company Directors and a fellow of FINSIA. Albert 's philanthropic endeavours include serving on the UNSW Foundation Board of Directors, Honorary Life Governor and former President for the University of Sydney's Physics Foundation, Director of the Australian Museum Foundation and serving on the Board of Directors of the Children's Medical Research Institute and its Foundation.
Other current directorships:	None
Former directorships (last 3 years):	Immutep Limited (formerly Prima BioMed Limited)
Special responsibilities:	Member of Audit and Risk Management Committee and Chair of Nomination and Remuneration Committee
Interests in shares:	5,130,213 ordinary shares
Interests in options:	1,500,000 options over ordinary shares
Interests in rights:	3,000,000 performance rights over ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Karl Pechmann is a Chartered Accountant and Chartered Company Secretary. He has more than 15 years of diverse business experience across a range of industries including media, labour hire and biotechnology. He commenced his career with KPMG where he gained experience in audit, business advisory and corporate finance roles across a range of clients and industries. He has held senior finance positions at both ASX-listed and multi-national companies, being involved in M&A activity, strategic reviews and performance improvement initiatives.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
Benny Higgins	2	2	-	-	-	-
John Van Der Wielen	10	11	-	-	1	1
David Cassidy	7	7	-	-	-	-
Benjamin Cronin	9	11	-	-	-	-
Robert Leslie	11	11	-	-	-	-
Albert YL Wong	11	11	-	-	1	1
John Walsh	5	7	-	-	-	-
Patrick Curry	7	7	-	-	1	1

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors are entitled to receive share options and performance rights.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As set out in the IPO Prospectus, total aggregate remuneration available to Non-executive directors was set at $500,000 per annum. Non-executive director fees (Directors' fees and committee fees, inclusive of superannuation) proposed for the year ending 30 June 2019 are summarised as follows:

Name	Fees
John Van Der Wielen	$50,000
Albert Wong	$50,000
Robert Leslie	$50,000

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments.

On 1 September 2016, 4,000,000 unlisted options were granted to Key Management Personnel. The exercise price of the options of $0.30 was 50% higher than the Initial Public Offering price. The options are exercisable upon meeting certain revenue targets within four years from the date of grant. The contractual life of each option is four years.

On 1 September 2016, 20,000,000 performance rights were granted to certain Directors and Key Management Personnel. The performance rights are exercisable at Nil value. The performance rights vest upon meeting the following conditions:
- 50% of the performance rights automatically convert upon the Company achieving a turnover of $5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and
- 50% of the Performance rights automatically convert upon the Company achieving a turnover of $10 million or more as set out in its yearly or half-yearly financial statements released to the ASX.

On 30 November 2016, 2,000,000 unlisted options exercisable at $0.30 were granted to senior executives under the Long Term Incentive Plan approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 22.45% higher than market price of the shares on the date of grant. The vesting of these options is conditional on continued employment until the vesting date, being two years from grant date. The contractual life of each option is four years.

The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2018.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the adoption of performance based compensation will contribute to future improvements in performance and will increase shareholder wealth over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2018, the company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

Voting and comments made at the company's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 84.28% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Kyckr Limited:
- Benny Higgins (appointed on 1 March 2018)
- John Van Der Wielen
- Benjamin Cronin
- Robert Leslie
- Albert YL Wong
- John Walsh (resigned on 31 December 2017)
- Patrick Curry (resigned on 31 December 2017)

And the following persons:
- David Cassidy - former Chief Executive Officer and Managing Director (resigned as Director and Chief Executive Officer on 31 December 2017 and 31 March 2018 respectively)
- Karl Pechmann - Chief Financial Officer and Company Secretary

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
J Van Der Wielen	38,052	-	-	3,615	-	51,038	92,705
A Wong	38,052	-	-	3,615	-	149,795	191,462
J Walsh*	16,667	-	-	-	-	-	16,667
P Curry*	16,667	-	-	-	-	10,690	27,357
Executive Directors:							
B Higgins*	76,537	-	-	-	-	-	76,537
R Leslie	99,949	-	-	-	-	-	99,949
B Cronin	230,769	-	-	-	-	-	230,769
Other Key Management Personnel:							
D Cassidy*	225,025	-	-	20,425	(1,080)	(124,350)	120,020
K Pechmann	202,825	-	-	19,237	2,502	49,932	274,496
	944,543	-	-	46,892	1,422	137,105	1,129,962

* represents remuneration from the date of appointment and/or up to the date of resignation

2017	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
J Van Der Wielen*	51,370	-	-	4,880	-	226,380	282,630
A Wong	38,052	-	-	3,615	-	282,554	324,221
J Walsh	46,667	-	-	-	-	-	46,667
P Curry*	33,333	-	-	-	-	89,489	122,822
Executive Directors:							
D Cassidy	269,260	-	-	23,750	1,080	282,554	576,644
B Cronin	180,037	-	-	-	-	-	180,037
R Leslie	152,106	-	-	-	-	-	152,106
Other Key Management Personnel:							
K Pechmann	179,324	-	-	15,689	710	146,919	342,642
	950,149	-	-	47,934	1,790	1,027,896	2,027,769

* represents remuneration from the date of appointment

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - STI 2017	At risk - LTI 2018	At risk - LTI 2017
Non-Executive Directors:						
J Van Der Wielen	45%	20%	-	-	55%	80%
A Wong	22%	13%	-	-	78%	87%
J Walsh	100%	100%	-	-	-	-
P Curry	61%	27%	-	-	39%	73%
Executive Directors:						
B Higgins	100%	-	-	-	-	-
B Cronin	100%	100%	-	-	-	-
R Leslie	100%	100%	-	-	-	-
Other Key Management Personnel:						
D Cassidy	203%	51%	-	-	(103%)	49%
K Pechmann	82%	57%	-	-	18%	43%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Benny Higgins
Title:	Executive Chairman
Details:	The agreement is in the process of being finalised. Benny receives £65,000 per annum for his duties as Chairman and receives a supplement of £5,000 per month for additional duties undertaken as Executive Chairman until the appointment of the Chief Executive Officer.

Name:	Benjamin Cronin
Title:	Head of Regulatory Development
Agreement commenced:	6 September 2016
Term of agreement:	No fixed term
Details:	Ben receives a base salary of €150,000 and is eligible to participate in the long term incentive plans of the consolidated entity. Ben may terminate his employment contract by giving 3 months’ notice in writing. The company can terminate his contract by giving 3 months' notice in writing and providing 12 months' pay.

Name:	Karl Pechmann
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	6 September 2016
Term of agreement:	No fixed term
Details:	Karl receives a base salary of $210,000 plus superannuation and is eligible to participate in the long term incentive plans of the consolidated entity. Karl may terminate his employment contract by giving 3 months’ notice in writing.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date	Exercisable date	Exercise price	Fair value per option at grant date
J Van Der Wielen*	1,000,000	30/11/2016	01/11/2017	01/11/2017	$0.30	$0.14
P Curry*	333,333	30/11/2016	01/11/2017	01/11/2017	$0.30	$0.14
P Curry*	55,556	30/11/2016	31/12/2017	31/12/2017	$0.30	$0.14

* Options expire on 30 November 2020

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options vest based on the provision of service over the vesting period whereby the executive becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

The number of options over ordinary shares granted to and vested in directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of options granted during the year 2018	Number of options granted during the year 2017	Number of options vested during the year 2018	Number of options vested during the year 2017
J Van Der Wielen	-	2,000,000	1,000,000	1,000,000
D Cassidy	-	1,500,000	-	1,500,000
A Wong	-	1,500,000	-	1,500,000
P Curry	-	1,000,000	388,889	333,333
K Pechmann	-	1,000,000	-	1,000,000

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Expiry date	Fair value per right at grant date
D Cassidy	3,000,000	1/09/2016	01/09/2020	$0.20
B Cronin	6,500,000	1/09/2016	01/09/2020	$0.20
R Leslie	6,500,000	1/09/2016	01/09/2020	$0.20
A Wong	3,000,000	1/09/2016	01/09/2020	$0.20
K Pechmann	1,000,000	1/09/2016	01/09/2020	$0.20

* All performance rights can vest and become exercisable between 1 September 2016 and 1 September 2020 upon achieving the performance criteria.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to, vested and forfeited by directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

	Number of rights granted during the year 2018	Number of rights granted during the year 2017	Number of rights forfeited during the year 2018	Number of rights forfeited during the year 2017
D Cassidy	-	3,000,000	(3,000,000)	-
B Cronin	-	6,500,000	-	-
R Leslie	-	6,500,000	-	-
A Wong	-	3,000,000	-	-
K Pechmann	-	1,000,000	-	-

No rights vested during the years ended 30 Jun 2018 and 30 June 2017.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other*	Balance at the end of the year
Ordinary shares					
J Van Der Wielen	734,404	-	55,000	-	789,404
A Wong	4,930,213	-	200,000	-	5,130,213
D Cassidy	4,930,212	-	-	(4,930,212)	-
B Cronin	8,519,129	-	-	-	8,519,129
R Leslie	9,619,247	-	-	-	9,619,247
J Walsh	300,000	-	-	(300,000)	-
K Pechmann	150,000	-	1,812	-	151,812
	29,183,205	-	256,812	(5,230,212)	24,209,805

* Disposals/other may represent no longer being designated as a KMP, not necessarily a disposal of holding.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
Options over ordinary shares					
J Van Der Wielen	2,000,000	-	-	-	2,000,000
D Cassidy	1,500,000	-	-	(1,500,000)	-
A Wong	1,500,000	-	-	-	1,500,000
P Curry	1,000,000	-	-	(1,000,000)	-
K Pechmann	1,000,000	-	-	-	1,000,000
	7,000,000	-	-	(2,500,000)	4,500,000

* Expire/forfeited/other may represent no longer being designated as a KMP, it does not necessarily represent options that have expired or have been forfeited.

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
D Cassidy	3,000,000	-	-	(3,000,000)	-
A Wong	3,000,000	-	-	-	3,000,000
B Cronin	6,500,000	-	-	-	6,500,000
R Leslie	6,500,000	-	-	-	6,500,000
K Pechmann	1,000,000	-	-	-	1,000,000
	20,000,000	-	-	(3,000,000)	17,000,000

Other transactions with key management personnel and their related parties
During the financial year, expenses for consulting services from Boomerang Capital Pty Ltd (director-related entity of Albert Wong and David Cassidy) of $nil (2017: $45,000) were incurred. All transactions were made on normal commercial terms and conditions and were at market rates.

During the financial year, expenses for investor relations services from Barton Place Pty Ltd (director-related entity of Albert Wong) of $25,002 (2017: $91,670) were incurred. All transactions were made on normal commercial terms and conditions and were at market rates.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Kyckr Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
01/09/2016	01/09/2020	$0.20	4,000,000
01/09/2016	01/09/2020	$0.30	4,000,000
30/11/2016	30/11/2020	$0.30	2,722,222
30/11/2016	30/11/2020	$0.30	2,000,000
02/01/2018	02/01/2022	$0.30	2,000,000
			14,722,222

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Kyckr Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
01/09/2016	01/09/2020	17,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Kyckr Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Kyckr Limited issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Nexia Sydney Partnership
There are no officers of the company who are former partners of Nexia Sydney Partnership.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Nexia Sydney Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Benny Higgins
Chairman

John Van Der Wielen
Director

31 August 2018
Sydney

To the Board of Directors of Kyckr Limited

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

As lead audit partner for the audit of the financial statements of Kyckr Limited for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Partnership

Lester Wills
Partner

Date: 31 August 2018

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	Note	Consolidated 2018 $	Consolidated 2017 $
Revenue	5	1,767,020	1,381,728
Other income	6	516,643	27,328
Expenses			
Direct costs and consumables used		(670,633)	(451,932)
Employee benefits expense	7	(2,999,223)	(1,784,696)
Share-based payments expense	7	(337,763)	(1,108,730)
Depreciation and amortisation expense	7	(56,738)	(49,784)
Consultancy and professional fees		(517,014)	(506,424)
Occupancy expenses		(134,509)	(89,390)
Travel expenses		(298,907)	(302,600)
Net foreign exchange loss		(7,943)	-
Acquisition expenses	27	-	(240,524)
IPO and listing related expenses		(232,541)	(99,264)
Other expenses		(538,515)	(197,944)
Finance costs	7	(37,322)	(25,005)
Loss before income tax expense		(3,547,445)	(3,447,237)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Kyckr Limited		(3,547,445)	(3,447,237)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		32,816	(26,091)
Other comprehensive income for the year, net of tax		32,816	(26,091)
Total comprehensive income for the year attributable to the owners of Kyckr Limited		(3,514,629)	(3,473,328)
		Cents	**Cents**
Basic earnings per share	32	(3.24)	(3.92)
Diluted earnings per share	32	(3.24)	(3.92)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	9	4,575,703	2,670,859
Trade and other receivables	10	366,612	180,686
Other	11	124,141	116,127
Total current assets		5,066,456	2,967,672
Non-current assets			
Property, plant and equipment	12	56,670	26,259
Intangibles	13	12,565,203	12,321,017
Total non-current assets		12,621,873	12,347,276
Total assets		17,688,329	15,314,948
Liabilities			
Current liabilities			
Trade and other payables	14	831,299	410,926
Provisions	15	14,843	26,080
Contingent consideration	16	2,080,000	-
Deferred revenue		69,800	32,164
Total current liabilities		2,995,942	469,170
Non-current liabilities			
Contingent consideration	17	-	2,556,322
Total non-current liabilities		-	2,556,322
Total liabilities		2,995,942	3,025,492
Net assets		14,692,387	12,289,456
Equity			
Issued capital	18	20,477,340	14,897,543
Reserves	19	1,941,537	1,570,958
Accumulated losses		(7,726,490)	(4,179,045)
Total equity		14,692,387	12,289,456

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	1,402,966	-	(731,808)	671,158
Loss after income tax expense for the year	-	-	(3,447,237)	(3,447,237)
Other comprehensive income for the year, net of tax	-	(26,091)	-	(26,091)
Total comprehensive income for the year	-	(26,091)	(3,447,237)	(3,473,328)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	13,494,577	488,319	-	13,982,896
Share-based payments (note 33)	-	1,108,730	-	1,108,730
Balance at 30 June 2017	14,897,543	1,570,958	(4,179,045)	12,289,456

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	14,897,543	1,570,958	(4,179,045)	12,289,456
Loss after income tax expense for the year	-	-	(3,547,445)	(3,547,445)
Other comprehensive income for the year, net of tax	-	32,816	-	32,816
Total comprehensive income for the year	-	32,816	(3,547,445)	(3,514,629)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	5,579,797	-	-	5,579,797
Share-based payments (note 33)	-	337,763	-	337,763
Balance at 30 June 2018	20,477,340	1,941,537	(7,726,490)	14,692,387

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,725,581	1,587,854
Payments to suppliers and employees (inclusive of GST)		(5,108,652)	(3,580,343)
		(3,383,071)	(1,992,489)
Interest received		42,611	25,653
Net cash used in operating activities	30	(3,340,460)	(1,966,836)
Cash flows from investing activities			
Cash flow from purchase of subsidiary, net of cash acquired	27	-	50,525
Payment for expenses relating to acquisitions		-	(240,524)
Payments for property, plant and equipment	12	(45,728)	(19,045)
Payments for intangibles	13	(281,239)	(5,074)
Net cash used in investing activities		(326,967)	(214,118)
Cash flows from financing activities			
Proceeds from issue of shares	18	5,945,441	5,192,437
Cancellation of shares		-	(591)
IPO transaction costs		-	(99,264)
Share issue transaction costs	18	(365,644)	(317,458)
Repayment of borrowings		-	(190,254)
Net cash from financing activities		5,579,797	4,584,870
Net increase in cash and cash equivalents		1,912,370	2,403,916
Cash and cash equivalents at the beginning of the financial year		2,670,859	266,943
Effects of exchange rate changes on cash and cash equivalents		(7,526)	-
Cash and cash equivalents at the end of the financial year	9	4,575,703	2,670,859

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Kyckr Limited as a consolidated entity consisting of Kyckr Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Kyckr Limited's functional and presentation currency.

Kyckr Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 36 Grosvenor Street
Sydney
NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended 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 consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kyckr Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Kyckr Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Kyckr Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services
Revenue from long term contracts is recognised in accordance with the stage of completion of the contract with the revenue and portion of profit recognised in each accounting period being the amounts which reflects the work performed in that period.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 2. Significant accounting policies (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 2. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 2. Significant accounting policies (continued)

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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value 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.

Goodwill
Goodwill arises on the acquisition of a business and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Computer software and development
Significant costs associated with computer software and development are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 2. Significant accounting policies (continued)

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for employee entitlements which have vested in the employee at reporting date are recognised as current liabilities notwithstanding that they are not expected to be settled within 12 months of reporting date as the consolidated entity does not have an unconditional right to defer settlement.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Kyckr Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely comprise principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that most of the consolidated entity's revenue is recognised as the customer simultaneously receives and consumes the benefits provided as the entity performs, and this is consistent with AASB 15 requirements.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Significant accounting policies (continued)

IASB revised Conceptual Framework for Financial Reporting
The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The consolidated entity will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

The Group operates in one operating segment, being the provision of Know Your Business customer ('KYB') services. The operating segment identified is based on the internal reports that are reviewed and used by the Directors of the Board (who are identified as the Chief Operating Decision Maker (‘CODM’) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews earnings before interest, tax, depreciation and amortisation ('EBITDA'). EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (‘AAS’) and represents the profit under AAS adjusted for non-specific non-cash and significant items. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis.

Major customers
During the year ended 30 June 2018 approximately 29% (2017: 49%) of the consolidated entity's external revenue was derived from sales to 2 customers (2017: 1 customer).

Note 4. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2018	2017	2018	2017
	$	$	$	$
Australia	-	-	12,255,891	12,253,596
Ireland	1,724,409	1,356,075	365,982	93,680
	1,724,409	1,356,075	12,621,873	12,347,276

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

A reconciliation of the loss after income tax expense to EBITDA is as follows:

	Consolidated	
	2018	2017
	$	$
Loss after tax	(3,547,445)	(3,447,237)
add: Depreciation and amortisation	56,738	49,784
Less: interest revenue	(42,611)	(25,653)
add: finance costs	37,322	25,005
EBITDA	(3,495,996)	(3,398,101)

Note 5. Revenue

	Consolidated	
	2018	2017
	$	$
Sales revenue		
Sales of services	1,724,409	1,356,075
Other revenue		
Interest	42,611	25,653
Revenue	1,767,020	1,381,728

Note 6. Other income

	Consolidated	
	2018	2017
	$	$
Net foreign exchange gain	2,999	27,328
Net fair value gain on financial liability (refer to note 16)	513,644	-
Other income	516,643	27,328

Note 7. Expenses

	Consolidated 2018 $	Consolidated 2017 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Computer equipment	16,361	6,409
Amortisation		
Computer software and development	40,377	43,375
Total depreciation and amortisation	56,738	49,784
Finance costs		
Exchange (gains)/ losses on foreign currency borrowings	-	(5,606)
Unwinding of the discount on contingent consideration (refer to note 16)	37,322	30,611
Finance costs expensed	37,322	25,005
Net foreign exchange loss		
Net foreign exchange loss	4,944	23
Rental expense relating to operating leases		
Minimum lease payments	130,970	87,229
Share-based payments expense		
Share-based payments expense	337,763	1,108,730
Employee benefits expense		
Employee benefits expense excluding superannuation	2,942,401	1,736,762
Defined contribution superannuation expense	56,822	47,934
Total employee benefits expense	2,999,223	1,784,696

Note 8. Income tax expense

	Consolidated 2018 $	Consolidated 2017 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,547,445)	(3,447,237)
Tax at the statutory tax rate of 27.5%	(975,547)	(947,990)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	103,812	338,690
Non-assessable income	(141,252)	-
Capital deductions	(100,552)	(122,029)
	(1,113,539)	(731,329)
Current year tax losses not recognised	798,850	610,945
Difference in overseas tax rates	314,689	120,384
Income tax expense	-	-

Note 8. Income tax expense (continued)

	Consolidated 2018 $	2017 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carried forward tax losses benefit	1,905,895	1,077,377
Temporary differences	43,003	51,984
Total deferred tax assets not recognised	1,948,898	1,129,361

The above potential tax benefit, which includes tax losses and temporary differences has not been recognised in the statement of financial position as recovery of this benefit is not probable. There is no expiration date for the tax losses carried forward. The estimated amount of cumulative tax losses at 30 June 2018 was $9,794,107 (2017: $5,432,460). Utilisation of these tax losses is dependent on the Company satisfying certain tests at the time the losses are recouped.

Note 9. Current assets - cash and cash equivalents

	Consolidated 2018 $	2017 $
Cash at bank	4,575,703	2,670,859

Note 10. Current assets - trade and other receivables

	Consolidated 2018 $	2017 $
Trade receivables	329,289	133,204
Less: Provision for impairment of receivables	(8,512)	(1,486)
	320,777	131,718
Other receivables	15,428	33,638
GST receivable	30,407	15,330
	366,612	180,686

Impairment of receivables
The consolidated entity has recognised a loss of $7,026 (2017: a gain of $24,924) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2018 $	2017 $
0 to 3 months overdue	8,512	527
3 to 6 months overdue	-	959
	8,512	1,486

Note 10. Current assets - trade and other receivables (continued)

	Consolidated 2018 $	Consolidated 2017 $
Opening balance	1,486	-
Additional provisions recognised	7,026	-
Additions through business combinations	-	26,410
Unused amounts reversed	-	(24,924)
Closing balance	8,512	1,486

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $196,956 as at 30 June 2018 ($32,348 as at 30 June 2017).

The consolidated entity did not consider there to be a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2018 $	Consolidated 2017 $
0 to 3 months overdue	196,956	32,348

Note 11. Current assets - other

	Consolidated 2018 $	Consolidated 2017 $
Prepayments	108,378	101,268
Security deposits	15,763	14,859
	124,141	116,127

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2018 $	Consolidated 2017 $
Computer equipment - at cost	79,440	32,668
Less: Accumulated depreciation	(22,770)	(6,409)
	56,670	26,259

Note 12. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer equipment $	Total $
Balance at 1 July 2016	-	-
Additions	19,045	19,045
Additions through business combinations (note 27)	13,767	13,767
Exchange differences	(144)	(144)
Depreciation expense	(6,409)	(6,409)
Balance at 30 June 2017	26,259	26,259
Additions	45,728	45,728
Exchange differences	1,044	1,044
Depreciation expense	(16,361)	(16,361)
Balance at 30 June 2018	56,670	56,670

Note 13. Non-current assets - intangibles

	Consolidated 2018 $	Consolidated 2017 $
Goodwill - at cost	12,250,079	12,250,079
Computer software and development - at cost	398,876	114,313
Less: Accumulated amortisation	(83,752)	(43,375)
	315,124	70,938
	12,565,203	12,321,017

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Computer software and development $	Total $
Balance at 1 July 2016	-	-	-
Additions	-	5,074	5,074
Additions through business combinations (note 27)	12,250,079	109,239	12,359,318
Amortisation expense	-	(43,375)	(43,375)
Balance at 30 June 2017	12,250,079	70,938	12,321,017
Additions	-	281,239	281,239
Exchange differences	-	3,324	3,324
Amortisation expense	-	(40,377)	(40,377)
Balance at 30 June 2018	12,250,079	315,124	12,565,203

Note 13. Non-current assets - intangibles (continued)

Impairment testing
For the purpose of impairment testing, goodwill is allocated to the one cash generating unit ('CGU'), Kyckr Ireland Limited.

Key assumptions used for value-in-use calculations:
The Group tests whether goodwill has suffered any impairment on at least an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board of Directors covering a two year period. Estimated growth rates and other reasonable assumptions are utilised to further calculate cash flows out to five years from balance date. Cash flows beyond the five year period are extrapolated into perpetuity using estimated terminal growth rates shown below. The following table sets out the key assumptions used for value-in-use calculations:
- Two to five year growth rates 30% (2017: 30%)
- Long term growth rate 5% (2017: 5%)
- Weighted average cost of capital 15% (2017: 15%)

No impairment charge:
Based on the value-in-use calculation methodology and assumptions stated above, the carrying amount the CGU at balance date does not exceed its recoverable amount.

Impact of possible changes in assumptions:
A reasonable possible change in the key assumptions above would not cause the carrying value of the CGU to exceed its recoverable amount.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2018 $	2017 $
Trade payables	517,913	189,690
Accrued expenses	262,427	161,468
Other payables	50,959	59,768
	831,299	410,926

Refer to note 21 for further information on financial instruments.

Note 15. Current liabilities - provisions

	Consolidated	
	2018 $	2017 $
Annual leave	11,630	24,290
Long service leave	3,213	1,790
	14,843	26,080

Note 16. Current liabilities - contingent consideration

	Consolidated	
	2018 $	2017 $
Contingent consideration	2,080,000	-

Note 16. Current liabilities - contingent consideration (continued)

Contingent consideration
Contingent consideration relates to the acquisition of Kyckr Ireland Limited on 1 September 2016 and represents 13,000,000 Performance Shares that were issued which will convert to fully paid ordinary shares on a one-for-one basis upon meeting the following vesting conditions:

- 50% of the Performance Shares automatically convert upon the Company achieving a turnover of $5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and
- 50% of the Performance Shares automatically convert upon the Company achieving a turnover of $10 million or more as set out in its yearly or half-yearly financial statements released to the ASX.

The Performance Shares expire four years from the date of acquisition in the event that the above vesting conditions are not met.

As the contingent consideration vests no earlier than two years from the date of issue, the amount has been discounted by the two-year government bond rate of 1.46% p.a. The finance costs incurred during the period with respect to the unwinding of the discount was $37,322 (2017: $30,611) and is included in finance costs, which in addition to a fair value movement of $513,644 (2017: $nil) gives a balance at 30 June 2018 of $2,080,000 (2017: $2,556,322).

Refer to note 29 for further information on the acquisition of Kyckr Ireland Limited.

Note 17. Non-current liabilities - contingent consideration

	Consolidated	
	2018 $	2017 $
Contingent consideration	-	2,556,322

Refer to note 21 for further information on financial instruments.

Refer to note 16 for further information on contingent consideration.

Note 18. Equity - issued capital

	Consolidated			
	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	140,908,619	100,962,186	20,477,340	14,897,543

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	34,615,385		1,402,966
Share cancellation	1 July 2016	(5,912,885)	$0.10	(591)
Shares issued on acquisition of Kyckr Ireland Limited	1 September 2016	45,278,873	$0.20	9,055,775
Shares issued at IPO	7 September 2016	25,962,186	$0.20	5,192,437
Shares issued on acquisition of Kyckr Ireland Limited	23 November 2016	1,018,627	$0.20	203,725
less share issue costs (net of taxation)*		-	$0.00	(956,769)
Balance	30 June 2017	100,962,186		14,897,543
Share placement	17 October 2017	11,764,710	$0.17	2,000,000
Share placement	27 June 2018	28,181,723	$0.14	3,945,441
less share issue costs (net of taxation)		-	$0.00	(365,644)
Balance	30 June 2018	140,908,619		20,477,340

Note 18. Equity - issued capital (continued)

*included in share issue costs is $488,319 of share-based payments granted to the brokers in exchange for services provided in connection with the IPO.

Note 19. Equity - reserves

	Consolidated 2018 $	Consolidated 2017 $
Foreign currency reserve	6,725	(26,091)
Share-based payments reserve	1,934,812	1,597,049
	1,941,537	1,570,958

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2016	-	-	-
Foreign currency translation	(26,091)	-	(26,091)
Share-based payments	-	1,597,049	1,597,049
Balance at 30 June 2017	(26,091)	1,597,049	1,570,958
Foreign currency translation	32,816	-	32,816
Share-based payments	-	337,763	337,763
Balance at 30 June 2018	6,725	1,934,812	1,941,537

Note 20. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures, however as at 30 June 2018 and 30 June 2017 there were no derivative financial instruments in place. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Note 21. Financial instruments (continued)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity's foreign exchange risk is managed to ensure sufficient funds are available to meet foreign denominated financial commitments in a timely and cost-effective manner. The consolidated entity will continually monitor this risk and consider entering into forward foreign exchange, foreign currency swap and foreign currency option contracts if appropriate.

Creditors and debtors as at 30 June 2018 were reviewed to assess currency risk at year end. The value of transactions denominated in a currency other than the functional currency of the respective subsidiary was insignificant and therefore the risk was determined as not being significant.

At 30 June 2018, the carrying value of foreign currency denominated cash and cash equivalents are as follows:

	Assets		Liabilities	
Consolidated	2018 $	2017 $	2018 $	2017 $
US dollars	5,719	-	-	-
Euros	229,171	1,361,320	-	-
Pound Sterling	6,596	113,433	-	-
	241,486	1,474,753	-	-

The consolidated entity had cash denominated in foreign currencies of $241,486 as at 30 June 2018 (30 June 2017: $1,474,753). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (30 June 2017: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit after tax for the year would have been $24,149 higher/$24,149 lower (30 June 2017: $147,475 higher/$147,475 lower). The percentage change is the expected overall volatility of the significant currencies, based on management's assessment of reasonable possible fluctuations.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits.

The consolidated entity has no significant credit risk exposure and the maximum exposure at the reporting date to recognised financial assets is 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. The consolidated entity does not hold any collateral.

Note 21. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	517,913	-	-	-	517,913
Other payables	-	50,959	-	-	-	50,959
Contingent consideration	-	2,080,000	-	-	-	2,080,000
Total non-derivatives		2,648,872	-	-	-	2,648,872

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	189,690	-	-	-	189,690
Other payables	-	59,768	-	-	-	59,768
Contingent consideration	-	-	2,600,000	-	-	2,600,000
Total non-derivatives		249,458	2,600,000	-	-	2,849,458

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Contingent consideration	-	-	2,080,000	2,080,000
Total liabilities	-	-	2,080,000	2,080,000

Consolidated - 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Contingent consideration	-	-	2,556,322	2,556,322
Total liabilities	-	-	2,556,322	2,556,322

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of the contingent consideration is estimated using a discounted cash flow model and is based on the probability of meeting all of the vesting conditions under the terms of the Kyckr (Ireland) Share Purchase Agreement.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The fair value of the contingent consideration is estimated based on a probability of meeting all of the vesting conditions relating to these shares under the terms of the Share Purchase Agreement.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Contingent consideration $	Total $
Balance at 1 July 2016	-	-
Additions	2,525,711	2,525,711
Unwinding of the discount*	30,611	30,611
Balance at 30 June 2017	2,556,322	2,556,322
Losses recognised in profit or loss	(513,644)	(513,644)
Unwinding of the discount*	37,322	37,322
Balance at 30 June 2018	2,080,000	2,080,000

* Included as part of finance costs in the Statement of profit or loss and other comprehensive income

Note 22. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Contingent consideration	Discount rate	1.46%	0.25% change would increase/decrease fair value by $1,070

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	944,543	950,149
Post-employment benefits	46,892	47,934
Long-term benefits	1,422	1,790
Share-based payments	137,105	1,027,896
	1,129,962	2,027,769

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Partnership, the auditor of the company:

	Consolidated	
	2018	2017
	$	$
Audit services - Nexia Sydney Partnership		
Audit or review of the financial statements	35,000	35,000
Other services - Nexia Sydney Partnership		
Income tax advisory services	-	4,500
	35,000	39,500

Note 25. Related party transactions

Parent entity
Kyckr Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Note 25. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2018 $	Consolidated 2017 $
Payment for goods and services:		
Payment for services from director related entity	27,502	136,670

Payment for services from Director related entity comprise of:

- expenses for consulting services from Boomerang Capital Pty Ltd (director-related entity of Albert Wong and David Cassidy) of $nil (2017: $45,000); and
- expenses for investor relations services from Barton Place Pty Ltd (director-related entity of Albert Wong) of $25,002 (2017: $91,670). All transactions were made on normal commercial terms and conditions and were at market rates.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2018 $	Parent 2017 $
Loss after income tax	(1,286,404)	(2,644,672)
Total comprehensive income	(1,286,404)	(2,644,672)

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2018 $	Parent 2017 $
Total current assets	8,286,833	4,039,385
Total assets	20,077,856	15,828,113
Total current liabilities	2,328,588	153,679
Total liabilities	2,328,588	2,710,001
Equity		
Issued capital	20,477,340	14,897,543
Share-based payments reserve	1,934,812	1,597,049
Accumulated losses	(4,662,884)	(3,376,480)
Total equity	17,749,268	13,118,112

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Business combinations

Acquisition of Kyckr Ireland Limited (formerly Global Business Register Limited) (Prior year)
On 1 September 2016, the Company acquired 97.59% of the issued share capital and voting rights of Kyckr Ireland Limited (formerly Global Business Register Limited), a Company based in Ireland, followed by the remaining 2.41% of the issued share capital and voting rights on 23 November 2016. The objective of the acquisition is to invest in business development and technical resources in order to realise the Company's KYC technology solutions. The goodwill of $12,250,079, can be attributed to the synergies expected to be derived from the combination and the value of the workforce and industry relationships of Kyckr Ireland Limited. Goodwill is not deductible for tax purposes. The values identified in relation to the acquisition of Kyckr Ireland Limited are final as at 30 June 2018.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	50,525
Trade receivables	291,680
Plant and equipment	13,767
Intangible assets	109,239
Trade and other payables	(253,009)
Deferred revenue	(145,570)
Borrowings	(531,500)
Net liabilities acquired	(464,868)
Goodwill	12,250,079
Acquisition-date fair value of the total consideration transferred	11,785,211
Representing:	
Kyckr Limited shares issued to vendor	9,259,500
Contingent consideration	2,525,711
	11,785,211
Acquisition costs expensed to profit or loss	240,524
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	11,785,211
Less: cash and cash equivalents	(50,525)
Less: shares issued by company as part of consideration	(9,259,500)
Less: contingent consideration	(2,525,711)
Net cash received	(50,525)

46,297,500 fully paid ordinary shares were issued to the vendors of Kyckr Ireland Limited in consideration for the acquisition.

Refer to note 16 for further information on contingent consideration.

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Kyckr Ireland Limited	Ireland	100.00%	100.00%

Note 29. Events after the reporting period

Subsequent to year end, shareholders ratified the issue of securities at the Extraordinary General Meeting held on 6 August 2018. In accordance with the approval by shareholders, the company issued the following securities on 10 August 2018:

- 9,056,271 ordinary shares at a price of $0.14 per share to institutional and sophisticated investors
- 1,000,000 ordinary shares at a price of $0.14 per share to Benny Higgins, a Director of the company
- 1,000,000 options exercisable at $0.20 each, expiring 10 August 2022 vesting immediately to Benny Higgins
- 1,000,000 options exercisable at $0.26, expiring 10 August 2022 vesting on 1 March 2019 to Benny Higgins

The total proceeds of the issuance of the above securities amounted to $1,407,878.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax expense for the year	(3,547,445)	(3,447,237)
Adjustments for:		
Depreciation and amortisation	56,738	49,784
Share-based payments	337,763	1,108,730
Foreign exchange differences	35,974	(25,947)
IPO transaction costs	-	99,264
Costs associated with acquisitions	-	240,524
Non-cash finance costs	37,322	30,611
Fair value gain on contingent consideration	(513,644)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(186,830)	115,806
Decrease/(increase) in prepayments	(7,110)	80,076
Increase/(decrease) in trade and other payables	458,009	(244,527)
Increase/(decrease) in employee benefits	(11,237)	26,080
Net cash used in operating activities	(3,340,460)	(1,966,836)

Note 31. Changes in liabilities arising from financing activities

Consolidated	Borrowings $	Total $
Balance at 1 July 2016	-	-
Net cash used in financing activities	(190,254)	(190,254)
Changes through business combinations (note 27)	531,500	531,500
Other changes	(341,246)	(341,246)
Balance at 30 June 2017	-	-
Balance at 30 June 2018	-	-

Note 32. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax attributable to the owners of Kyckr Limited	(3,547,445)	(3,447,237)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	109,445,229	87,847,758
Weighted average number of ordinary shares used in calculating diluted earnings per share	109,445,229	87,847,758
	Cents	**Cents**
Basic earnings per share	(3.24)	(3.92)
Diluted earnings per share	(3.24)	(3.92)

For the purpose calculating the diluted earnings per share the calculation has excluded the number of options as the effect would be anti-dilutive.

Note 33. Share-based payments

The following options and performance rights were issued during the years ended 30 June 2018 and 30 June 2017:

- On 1 September 2016, 4,000,000 unlisted options were granted to brokers associated with the Initial Public Offering ('IPO') of the company. The exercise price of the options of $0.20 was equal to the IPO price. The contractual life of each option is four years.
- On 1 September 2016, 4,000,000 unlisted options were granted to Key Management Personnel. The exercise price of the options of $0.30 was 50% higher than the Initial Public Offering price. The options are exercisable upon meeting certain revenue targets within four years from the date of grant. The contractual life of each option is four years.
- On 1 September 2016, 20,000,000 performance rights were granted to certain Directors and Key Management Personnel. The performance rights are exercisable at Nil value. 50% of the performance rights automatically convert upon the Company achieving a turnover of $5 million or more as set out in the full year or half-yearly financial statements released to the ASX; and 5% of the Performance rights automatically convert upon the Company achieving a turnover of $10 million or more as set out in its yearly or half-yearly financial statements released to the ASX. The contractual life of each performance right is four years.
- On 30 November 2016, 2,000,000 unlisted options exercisable at $0.30 were granted to senior executives under the Long Term Incentive Plan approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 22.45% higher than market price of the shares on the date of grant. The vesting of these options is conditional on continued employment until the vesting date, being two years from grant date. The contractual life of each option is four years.
- On 30 November 2016, 3,000,000 unlisted options exercisable at $0.30 were granted to non-executive directors as approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 22.45% higher than market price of the shares on the date of grant.
- On 2 January 2018, 2,000,000 unlisted options exercisable at $0.30 were granted to senior executives under the Long Term Incentive Plan approved by shareholders at the Annual General Meeting held on 30 November 2016. The exercise price of the options of $0.30 was 42.86% higher than the market price of the shares on the date of grant. The vesting of these options is conditional on continued employment until the vesting date, being 1 November 2019.

Set out below are summaries of options granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
02/01/2018	02/01/2022	$0.30	-	2,000,000	-	-	2,000,000
30/11/2016	30/11/2020	$0.30	3,000,000	-	-	(277,778)	2,722,222
30/11/2016	30/11/2020	$0.30	2,000,000	-	-	-	2,000,000
01/09/2016	01/09/2020	$0.30	4,000,000	-	-	-	4,000,000
01/09/2016	01/09/2020	$0.20	4,000,000	-	-	-	4,000,000
			13,000,000	2,000,000	-	(277,778)	14,722,222
Weighted average exercise price			$0.27	$0.30	$0.00	$0.30	$0.27

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/2016	30/11/2020	$0.30	-	3,000,000	-	-	3,000,000
30/11/2016	30/11/2020	$0.30	-	2,000,000	-	-	2,000,000
01/09/2016	01/09/2020	$0.30	-	4,000,000	-	-	4,000,000
01/09/2016	01/09/2020	$0.20	-	4,000,000	-	-	4,000,000
			-	13,000,000	-	-	13,000,000
Weighted average exercise price			$0.00	$0.27	$0.00	$0.00	$0.27

Note 33. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
30/11/2016	30/11/2020	2,722,222	1,333,333
01/09/2016	01/09/2020	4,000,000	4,000,000
		6,722,222	5,333,333

The weighted average share price during the financial year was $0.19.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.44 years (2017: 3.27 years).

Set out below are summaries of performance rights granted under the plan:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/09/2016	01/09/2020	$0.00	7,000,000	-	-	-	7,000,000
			7,000,000	-	-	-	7,000,000

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/09/2016	01/09/2020	$0.00	-	7,000,000	-	-	7,000,000
			-	7,000,000	-	-	7,000,000

No performance rights are exercisable at the end of the year.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.18 years (2017: 3.18 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/01/2018	02/01/2022	$0.21	$0.30	84.71%	-	2.35%	$0.12

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Benny Higgins
Chairman

John Van Der Wielen
Director

31 August 2018
Sydney

Independent Auditor's Report to the Members of Kyckr Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kyckr Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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, 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 2018 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

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Key audit matter	How our audit addressed the key audit matter
Recoverability of goodwill *Refer to note 13* The carrying value of the Group's intangible assets included goodwill of $12,250,079 arising from the acquisition of Kyckr Ireland in the prior year. The assessment of recoverability of the goodwill required a significant degree of management judgement given the short trading history of the Group and the inherent uncertainties in the key assumptions used in the assessment of future cash flows in particular revenues, earnings before interest and the discount rate.	Our procedures included, amongst others: ▪ We evaluated management's process for developing the cash flow forecasts; ▪ We tested the mathematical accuracy of the underlying 'value-in-use' calculations; ▪ We assessed and challenged the appropriateness of the inputs into management's calculations as follows: – Comparing and calculating revenue and expense cash flows with historical performance and new business avenues announced to the market; – Comparing the forecasted cash flows estimated in prior periods to financial performance during the current financial year; – Comparing growth rates with the performance of other IT start-ups; – Recalculating the discount rate using the most current risk free rates, market alpha, beta and risk premium estimates; ▪ We performed sensitivity calculations for changes to the key inputs to management's model; ▪ We compared the net assets of the Group to the Group's market capitalisation at year-end.

Other information

The directors are responsible for the other information. The other information comprises the information in Kyckr Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 the other information we are required to report that fact. We have nothing to report in this regard.

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 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 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 have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Kyckr Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Nexia

Nexia Sydney Partnership

Lester Wills
Partner

Dated: 31 August 2018
Sydney

The shareholder information set out below was applicable as at 27 August 2018.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options and rights over ordinary shares
1 to 1,000	16	-
1,001 to 5,000	226	-
5,001 to 10,000	216	-
10,001 to 100,000	465	-
100,001 and over	133	11
	1,056	11
Holding less than a marketable parcel	14	-

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
HSBC Custody Nominees (Australia) Limited	12,712,562	8.42
Mr Robert Leslie	9,619,247	6.37
Mr Benjamin Cronin	8,519,129	5.64
J P Morgan Nominees Australia Limited	7,441,953	4.93
Citicorp Nominees Pty Limited	7,439,590	4.93
HSBC Custody Nominees (Australia) Limited - A/C 2	5,761,006	3.82
Mr David Cassidy	4,930,212	3.27
National Nominees Limited	4,719,202	3.13
Mr John Murray	7,230,703	4.79
Mr Richard Wood	4,230,703	2.80
Kajo Investments Pty Limited	3,492,794	2.31
Mr Robert Leslie & Mr Benjamin Cronin (Gbr Emp Stock Opt A/C)	3,395,428	2.25
Globalsign NV/SA	3,055,885	2.02
Barton Place Pty Limited (The Albert Wong Family A/C)	2,485,256	1.65
Global Business Register Asia Pacific Pte Ltd	2,482,872	1.64
Barton Place Holdings Pty Limited (Barton Place Holdings S/F)	2,444,956	1.62
Primdonn Nominees Pty Limited (Primdonn Super Fund A/C)	2,142,857	1.42
UBS Nominees Pty Ltd	1,775,714	1.18
CS Fourth Nominees Pty Limited (HSBC Cust Nom AU Ltd 11 A/C)	1,764,130	1.17
Mr Peter Howells	1,500,000	0.99
	97,144,199	64.35

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	14,722,222	9
Performance rights over ordinary shares	20,000,000	5

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Mr Robert Leslie	Performance rights over ordinary shares	6,500,000
Mr Benjamin Cronin	Performance rights over ordinary shares	6,500,000

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	12,712,562	8.42
Mr Robert Leslie	9,619,247	6.37
Mr Benjamin Cronin	8,519,129	5.64

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.

Restricted securities

Class	Expiry date	Number of shares
Ordinary Shares	7 September 2018	35,486,298
Options over ordinary shares	7 September 2018	7,000,000
Performance rights over ordinary shares	7 September 2018	19,000,000
		61,486,298

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