SQID TECHNOLOGIES LIMITED
AND ITS CONTROLLED ENTITIES

ABN: 44 121 655 472

FINANCIAL REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2019

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DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity consisting of SQID Technologies Limited (the company) and the entities it controlled (the group), for the period ended 31 December 2019 and auditor's report thereon.

Directors

The names of directors in office at any time during the period are:

Andrew Sterling appointed 5 August 2013

Peter Hall appointed 21 October 2013

Daniel Desplat appointed 8 July 2009, resigned 18 July 2019

John O'Connor appointed 18 July 2019

Michael Clarke appointed 6 August 2019

The directors have been in office since the start of the period to the date of this report unless otherwise stated.

Principal activities

The principal activities of the group during the financial year were the processing of credit card payments and direct debits on behalf of Australian e-commerce merchants and related businesses.

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated profit after income tax attributable to the members of the group for the period ended 31 December 2019 was $196,129 (year ended 30 June 2019: $807,393).

Review of operations

A review of the operations of the group during the period and the results of those operations are as follows:

- The group's operations
  - Processing credit card transactions for ecommerce merchants and deducting a fee from these transactions.
  - Processed transactions volume has grown since last period and margins have remained consistent.
  - The underlying drivers of and reasons for the group's performance remain the same as last year, with no key developments in the reporting period, and no significant factors affecting the group's results.
  - There is one key operating segment of the business.

- The financial position of the group
  - The wholesale rate that the Company acquires transaction at and the retail rate that is received for the processing of transactions remains consistent with prior periods.
  - The accounting information and other details relevant to an understanding of the financial position of the group are:
    - There have been no significant changes in assets and liabilities as a result of major business acquisitions or disposals.
    - There have been no changes in the funding or dividend strategy of the group.
    - There is no doubt about the group to continue as a going concern.
    - There have been no impacts of any unrecognised assets and/or any exposures not recognised in the financial statements.
    - There have been no unusual contractual conditions.
    - There has been no modification by the group's auditor in the audit report.

Significant changes in the state of affairs

There have been no significant changes in the group's state of affairs during the period.

Subsequent events

- The group listed its shares on the Canadian Stock Exchange (CSE) on 21 January 2020.
- On 20 February 2020, Athan Lekkas was appointed as director.
- On 21 February 2020, Peter Hall resigned as director.

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

Likely developments

The group plans on recruiting a CEO to facilitate the ongoing growth of the group. This is expected to occur during the first half of calendar year 2020.

Environmental regulation

The group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the period.

Other

The directors resolved to change the financial year-end of the group from 30 June to 31 December commencing from the financial period ended 31 December 2019. As a result, the comparative figures in the financial report are for the 12 months ended 30 June 2019.

Information on directors and company secretary

The qualifications, experience and special responsibilities of each person who has been a director of the group at any time during or since 1 July 2019 is provided below, together with details of the company secretary as at the year end.

Andrew Sterling Cert IV in Financial Services, Diploma of Financial Services	• Over 30 years of banking and finance experience including senior positions at ANZ & Citibank. • Member of Audit & Remuneration Committees. • No other directorships of listed companies were held at any time during the three years prior to 31 December 2019.
Peter Hall BSc, MBA	• Over 35 years of experience as a company director, entrepreneur and professional advisor to businesses. • No other directorships of listed companies were held at any time during the three years prior to 31 December 2019.
Daniel Desplat	• Founding investor in the company. • No other directorships of listed companies were held at any time during the three years prior to 31 December 2019.
John O'Connor	• Over 35 years of professional management and business experience, across diverse industries, including private, ASX listed and multinationals. • Extensive company director experience for over 20 years. • Member of Audit & Remuneration Committees.
Michael Clarke	• Over 18 years of experience in the IT industry, company director across both private and public companies including with ASX listed companies. • During the three years prior to 31 December 2019, a Director of First Growth Funds Limited • Member of Audit & Remuneration Committees.
Lee Horobin – Company Secretary B.Bus (Acc), B.Bus (Acc) (Hons), MBA, CPA, GAICD, ACIS	• Over 20 years of experience in finance and governance roles across varied industries and organisation types.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		Audit Committee	
	Eligible to attend	**Attended**	**Eligible to attend**	**Attended**
Andrew Sterling	4	4	1	1
Peter Hall	4	4	1	1
Daniel Desplat	1	1	1	1
John O'Connor	4	4	-	-
Michael Clarke	2	2	-	-

Directors' interests in shares or options

Directors' relevant interests in shares of SQID Technologies Limited or options over shares in the company as at the date of signing this report are detailed below.

Directors' relevant interests in:	Ordinary shares of SQID Technologies Limited	Options over shares in SQID Technologies Limited
Andrew Sterling	903,300	-

Indemnification and insurance of directors, officers and auditors

The group has paid premium amounted to $5,995 insuring all the directors and the officers against any payment they shall become legally obligated to make (excluding fines, penalties or exemplary damages), legal costs and expenses arising out of any claims made against them jointly or severally by reason of wrongful acts including breach of duty or trust, neglect, error, misstatement or misleading statement, omission, breach of warranty of authority or other act done or wrongly attempted whilst acting in their capacity as director or officer of the nominated company. The policy concluded in October 2019 and was paid on a month-by-month basis for November and December. A new policy commenced in January 2020.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or any of its subsidiaries.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial period is provided with this report.

Non-audit services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners Brisbane network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the group and have been reviewed and approved by the Audit Committee to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the group or any of its related entities, acting as an advocate the group or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of the group or any of its related entities.

Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

Signed in accordance with a resolution of the board of directors

Andrew Sterling
Director

Brisbane
4 March 2020

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Brisbane, QLD 4001

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The Directors
SQID Technologies Limited
63 Westgate Street
WACOL QLD 4076

Auditor's Independence Declaration

In relation to the independent audit for the period ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of SQID Technologies Limited and the entities it controlled during the year.

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
4 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Revenue and other income			
Revenue from contracts with customers	4	3,457,487	5,354,525
Interest income	5	44,002	49,000
		3,501,489	**5,403,525**
Less: Expenses			
Direct transaction costs	5	2,048,628	3,154,989
Employee expense	5	219,146	181,063
Depreciation and amortisation	5	32,872	51,382
Consultancy fees		256,445	317,060
Directors fees		56,129	80,000
Professional fees		98,228	38,506
Listing costs		371,500	89,838
IT & hosting costs		39,663	61,498
Other expenses		185,510	281,467
		3,308,121	**4,255,803**
Profit before income tax expense		**193,368**	**1,147,722**
Income tax benefit / (expense)	6	2,761	(340,329)
Profit for the year		**196,129**	**807,393**
Other comprehensive income		-	-
Total comprehensive income for the year		**196,129**	**807,393**
Basic earnings per share	21	**0.024**	**0.116**
Diluted earnings per share	21	**0.024**	**0.116**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 Dec 2019 $	30 Jun 2019 $
Current assets			
Cash and cash equivalents	7	1,166,321	1,174,523
Merchant float	8	512,392	487,549
Receivables	9	186,741	194,111
Other financial assets	10	1,924,659	1,375,424
Prepayments	11	5,987	45,742
Total current assets		**3,796,100**	**3,277,349**
Non-current assets			
Property, plant and equipment	12	1,099	1,654
Intangible assets	13	175,318	202,496
Security deposits		236,874	186,738
Deferred tax assets	6	583,825	581,064
Total non-current assets		**997,116**	**971,952**
Total assets		**4,793,216**	**4,249,301**
Current liabilities			
Payables	14	1,054,310	986,246
Employee provisions	16	42,558	37,915
Other liabilities	15	636,751	639,215
Total current liabilities		**1,733,619**	**1,663,376**
Total liabilities		**1,733,619**	**1,663,376**
Net assets		**3,059,597**	**2,585,925**
Equity			
Share capital	17	6,822,170	6,544,627
Accumulated losses	18	(3,762,573)	(3,958,702)
Total equity		**3,059,597**	**2,585,925**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share capital $	Accumulated losses $	Total equity $
Balance as at 1 July 2018	6,529,286	(4,766,095)	1,763,191
Shares issued	15,341	-	15,341
Profit for the year	-	807,393	807,393
Total comprehensive income for the year	**-**	**807,393**	**807,393**
Balance as at 30 June 2019	**6,544,627**	**(3,958,702)**	**2,585,925**
Balance as at 1 July 2019	**6,544,627**	**(3,958,702)**	**2,585,925**
Share buyback	(15,341)	-	(15,341)
Share issue	292,884	-	292,884
Profit for the period	-	196,129	196,129
Total comprehensive income for the period	**-**	**196,129**	**196,129**
Balance as at 31 December 2019	**6,822,170**	**(3,762,573)**	**3,059,597**

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Cash flow from operating activities			
Receipts from customers		3,652,712	6,031,020
Payments to suppliers and employees		(3,135,201)	(4,688,521)
Interest received		44,002	49,000
Net cash provided by operating activities	20(a)	**561,513**	**1,391,499**
Cash flow used in investing activities			
Payment for property, plant and equipment		(5,139)	(551)
Payment for software asset		-	(46,004)
Payment for investments		(549,235)	(835,701)
Net cash used in investing activities		**(554,374)**	**(882,256)**
Cash flow from financing activities			
(Buyback) / Issuance of share capital		(15,341)	15,341
Net cash from in financing activities		**(15,341)**	**15,341**
Net increase in cash and cash equivalents		**(8,202)**	**524,584**
Cash and cash equivalents at beginning of year		1,174,523	649,939
Cash and cash equivalents at end of the year	7, 20(b)	**1,166,321**	**1,174,523**

The above statement should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

The following are the significant accounting policies adopted by SQID Technologies Limited (the company) and its controlled entities (the group) in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS
These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS") issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

This financial report is a general-purpose financial report that has also been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers SQID Technologies Limited and its controlled entities as a group. SQID Technologies Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the group's registered office and principal place of business is 63 Westgate Street, Wacol QLD 4076. The group is a for-profit entity for the purpose of preparing the financial report.

The financial report was approved by the directors as at the date of the directors' report.

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar (where indicated).

All amounts are presented in Australian dollars.

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the consolidated financial statements.

(b) New and revised accounting standards effective at 31 December 2019

The group has applied all new and revised Australian Accounting Standards and Accounting Standards and Interpretations issued by IASB that apply to annual reporting periods beginning on or after 1 July 2019, including IFRS 16 *Leases* (IFRS 16), the equivalent of AASB 16 *Leases* in Australia*.*

IFRS 16 replaces IAS 17 *Leases* (IAS 17), the equivalent of AASB 117 *Leases* in Australia, and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

i. investment property, the lessee applies the fair value model in IAS 40 *Investment Property,* the equivalent of AASB 140 *Investment Property* in Australia, the to the right-of-use asset; or
ii. property, plant or equipment, the applies the revaluation model in IAS 16 *Property, Plant and Equipment,* the equivalent of AASB 116 *Property, Plant and Equipment* in Australia*,* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

IFRS 16 substantially carries forward the lessor accounting requirements of the predecessor standard, IAS 17. Accordingly, under IFRS 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under IAS 17.

The application of IFRS 16 did not have a material impact in these financial statements as the group only has one operating lease for its office premises which is on a month-to-month term (short-term lease).

(c) Going concern

The financial report has been prepared on a going concern basis.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks. Bank overdrafts, if any, are shown within borrowings in current liabilities in the consolidated statement of financial position.

(e) Merchant Float

Merchant float is the gross amounts received from merchants' transactions which are settled to merchants (net of the group's fees) on the next business day. These funds are effectively funds held in trust by the group, and they are therefore excluded from the balance of cash and cash equivalents.

(f) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(f) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high-quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the end of the reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(g) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial report is authorised for issue.

The amounts recognised in the financial statements reflect events after the reporting period that provide evidence of conditions that existed at the reporting date. Whereas, events after the reporting period that are indicative of conditions that arose after the reporting period (i.e., which did not exist at the reporting date) are excluded from the determination of the amounts recognised in the financial statements.

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets, cash and cash equivalents, merchant floats, receivables and other financial assets are subsequently measured in their entirety at amortised cost.

(h) Financial instruments (continued)

Receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Other financial assets

Other financial assets pertain to funds invested by the group with Australia's largest non-bank home loan lender.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, other financial assets are subsequently measured at amortised cost.

Classification of financial liabilities

The group's financial liabilities, which include payables and other liabilities, are subsequently measured at amortised cost.

Impairment of financial assets

Payables are recognised by the group are subsequently measured at amortised cost. These are normally settled with seven days of end of month.

Other liabilities comprise merchant bonds which have no set duration. They are used as security over accounts and can be increased or reduced at the group's discretion. They are used to recover outstanding amounts and are only repayable to the merchant six month after the merchant ceases trading with the group.

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments at amortised cost; and

(b) receivables from contracts with customers and contract assets.

The group applies the simplified approach under IFRS 9 *Financial Instruments* (IFRS 9) to measuring the allowance for credit losses receivables from contracts with customers.

The group has identified contractual payments more than 180 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience.

(i) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Impairment of non-financial assets

Intangible assets with definite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where ‘value in use’ is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income, to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(k) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(l) Intangible assets

Patents

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over 20 years on a straight-line basis commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

IT software development costs

An intangible asset arising from development is recognised when the group can demonstrate all of the following:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) its intention to complete the intangible asset and use or sell it;
(iii) its ability to use or sell the intangible asset;
(iv) how the intangible asset will generate probable future benefits;
(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(l) Intangible Assets (continued)

Costs incurred in developing IT software are initially recognised as an asset and are subsequently amortised over 5 years on a straight-line basis commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(m) Other revenue and other income

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(n) Principles of consolidation

The consolidated financial statements are those of the group, comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-group balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and the statement of financial position respectively.

(o) Plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of plant and equipment is depreciated over their estimated useful lives on a straight-line basis commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset

Plant and equipment:	3 to 10 years

(p) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(q) Revenue from contracts with customers

The group derives revenue from the provision of payment solutions for which the group levies a flat fee plus a percentage of the value of the transaction being processed.

Transaction fee revenue is recognised at a point in time as performance obligations are met when services are provided to the customer, that is, funds are settled to merchants for transactions net of the fees the group is owed under contract.

The group levies a flat fee for chargebacks upon receiving notification from its bank that a chargeback claim has been made by a merchant's customer. This fee is reversed if the merchant can prove that the customer's claim is invalid. Where a chargeback is valid, the group will recover the value of the chargeback transaction itself along with the fee from the merchant.

(r) Equity Settled Share-based payments

An equity-settled share-based payment transaction is a share-based payment transaction in which the group:
(i) receives or is to receive goods or services as consideration for its own equity instruments; or

(ii) receives or is to receive goods or services but has no obligation to settle the transaction with the supplier.

The cost recognised is based on the fair value of the goods or services received or to be received by the group and is recognised over the period the services are provided.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of non-financial assets
All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the group. Impairment triggers include technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists, the recoverable amount of the asset is determined.

(b) Income tax
Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTE 3: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Other market risk

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The group holds the following financial instruments:

	31 Dec 2019	30 Jun 2019
Financial assets	**$**	**$**
Amortised cost:		
- Cash and cash equivalents (note 7)	1,166,321	1,174,523
- Merchant float (note 8)	512,392	487,549
- Receivables (note 9)	186,741	194,111
- Other financial assets (note 10)	1,924,659	1,375,424
	3,790,113	**3,231,607**
Financial liabilities		
Amortised cost:		
- Payables (note 14)	1,054,310	986,246
- Other liabilities (note 15)	636,751	639,215
	1,691,061	**1,625,461**

(a) Interest rate risk

The group is exposed to interest rate risk in relation to its other financial assets. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The group does not actively manage interest rate risk.

(a) Interest rate risk (continued)

The following table outlines the group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
31 December 2019	**$**	**$**	**$**	**%**	
(i) Financial assets					
Cash and cash equivalents	1,166,321	-	1,166,321	0.2%	n/a
Merchant float	-	512,392	512,392	0.0%	n/a
Receivables	-	186,741	186,741	0.0%	n/a
Other financial assets	1,924,659	-	1,924,659	5.1%	Variable
Total financial assets	3,090,980	699,133	3,790,113	2.5%	
(ii) Financial liabilities					
Payables	-	1,054,310	1,054,310	n/a	n/a
Other liabilities	-	636,751	636,751	n/a	n/a
Total financial liabilities	-	1,691,061	1,691,061	n/a	
30 June 2019					
(i) Financial assets					
Cash and cash equivalents	1,174,523	-	1,174,523	0.2%	n/a
Merchant float	-	487,549	487,549	0.0%	n/a
Receivables	-	194,111	194,111	0.0%	n/a
Other financial assets	1,375,424	-	1,375,424	4.0%	Variable
Total financial assets	2,549,947	681,660	3,231,607	1.7%	
(ii) Financial liabilities					
Payables	-	986,246	986,246	n/a	n/a
Other liabilities	-	639,215	639,215	n/a	n/a
Total financial liabilities	-	1,625,461	1,625,461	n/a	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

If interest rates were to increase/decrease by 1 basis point from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact on profit for the year and equity would be as follows:

	6 months ended 31 Dec 2019	12 months ended 30 Jun 2019
+/- 1 basis point	**$**	**$**
Impact on profit after tax	127	201
Impact on equity	127	201

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the counterparty by failing to discharge an obligation.

The group is exposed to credit risk to the extent that customers may incur chargeback volumes that exceed the funds to be settled to them, and the group is subsequently unable to recover these funds.

(b) Credit Risk (continued)

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date of recognised financial assets is the carrying amount of those assets, net of any allowance for credit losses, as disclosed in consolidated statement of financial position and notes to the consolidated financial statements.

The group has significant merchant concentration risks as detailed below. The group mitigates the risk by evaluating each merchant prior to and during the conduct of their business relationship with the group. As to their perceived credit risk, and where necessary, a bond (other liabilities) is taken from the merchant. This merchant bond can be adjusted from time to time. The total value of merchant bonds held is $636,751 (30 June 2019: $639,215).

During the period ended 31 December 2019, the group had transactions with 30 merchants controlled by two entities responsible for 86.1% (12 months ended 30 June 2019: 89.4%) of the total revenue of the group. At 31 December 2019, these two entities represent approximately 83.6% (30 June 2019: 91.2%) of the total receivables from contract with customers.

i) Cash and cash equivalents and other financial assets

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks as well as having funds invested with Australia's largest non-bank home loan lender.

ii) Receivables from contracts with customers

Credit risk for receivables from contracts with customers is managed by transacting with as large number of customers as possible, undertaking credit checks for all new customers and setting credit limits for all customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The group maintains strong current and quick ratios to ensure the risk of illiquidity is minimal.

The following table outlines the group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
31 December 2019	**$**	**$**	**$**	**$**	**$**
Payables	1,054,310	-	-	1,054,310	1,054,310
Other liabilities	-	636,751	-	636,751	636,751
	1,054,310	636,751	-	1,691,061	1,691,061
30 June 2019					
Payables	986,246	-	-	986,246	986,246
Other liabilities	-	639,215	-	639,215	639,215
	986,246	639,215	-	1,625,461	1,625,461

	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue recognised at a point in time:		
Transaction fees	3,387,382	5,210,395
Chargeback fees	70,105	144,130
	3,457,487	5,354,525
NOTE 5: PROFIT BEFORE INCOME TAX		
Profit before income tax has been determined after the following specific expenses:		
Finance income	44,002	49,000
Interest income	44,002	49,000
Cost of goods sold	2,048,628	3,154,989
Transaction processing fees	2,048,628	3,154,989
Employee benefits expense		
Wages	200,725	166,391
Superannuation guarantee contributions	18,421	14,672
	219,146	181,063
Depreciation of non-current assets		
Plant and equipment	5,694	1,628
	5,694	1,628
Amortisation of non-current assets		
Intangible assets	27,178	49,754
	27,178	49,754
Impairment losses		
Receivables from contracts with customers	80,017	29,688
	80,017	29,688
NOTE 6: INCOME TAX		
(a) Components of tax expense/(benefit):		
Deferred tax	53,176	340,329
Recognition of deferred tax assets of prior periods	(55,937)	-
	(2,761)	340,329

	31 Dec 2019	30 Jun 2019
	$	$
NOTE 6: INCOME TAX (continued)		
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax at 27.5% (30 June 2019: 27.5%) is as follows:		
Income tax expense attributable to profit	53,176	315,624
Tax effect of:		
- Recognition of deferred tax assets of prior periods	(55,937)	-
- Non-deductible expenses	-	24,705
	(2,761)	340,329
(c) Deferred tax		
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Tax losses carried forward	448,298	561,976
Listing costs	115,046	-
Accrued expenses	10,424	12,252
Employee benefits	11,703	10,427
	585,471	584,655
Deferred tax liabilities		
The balance comprises:		
Prepayments	1,646	3,591
	1,646	3,591
Net deferred tax assets	583,825	581,064
(e) Deferred income tax benefit/(expense) included in income tax expense comprises		
Increase/(decrease) in deferred tax assets	816	(340,329)
(Decrease)/increase in deferred tax liabilities	1,945	-
	2,761	(340,329)

NOTE 7: CASH AND CASH EQUIVALENTS

	31 Dec 2019	30 Jun 2019
Cash at bank and on hand	1,166,321	1,174,523
	1,166,321	1,174,523

NOTE 8: MERCHANT FLOAT

	31 Dec 2019	30 Jun 2019
Merchant float	512,392	487,549
	512,392	487,549

	31 Dec 2019	30 Jun 2019
	$	$
NOTE 9: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	174,241	184,030
Other receivables	12,500	10,081
Allowance for credit losses	-	-
	186,741	194,111

Receivable from contracts with customers represent the group's unconditional right to consideration arising from the transfer of goods or services to the customer. In the vast majority of instances, transactions fees are paid for during the process of settling funds to merchants.

Cash bonds are secured from merchants as collateral for their accounts, refer note 15. All receivable from contracts with customers can be recovered by drawing down on a merchant's bond as and if required.

Impairment of receivables from contracts with customers and other receivables

The group applies the simplified approach under IFRS 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the IFRS 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset.

The following table provides information about the risk profile of receivables from contracts with customers using a provision matrix. The information in the below table does not distinguish between customer or product types as the group's historical credit loss experience does not show different patterns for different customer or product types.

Credit risk profile of receivables from contracts with customers

	Not past due	Days past due < 30	30 - 90	90 – 180	> 180	Total
31 December 2019	$	$	$	$	$	$
Estimated total gross carrying amount at default	138,111	-	204	342	48,084	186,741
Expected credit loss rate	0%	0%	0%	0%	0%	
Expected credit loss	-	-	-	-	-	-
30 June 2019						
Estimated total gross carrying amount at default	181,611	-	-	12,500	-	194,111
Expected credit loss rate	0%	0%	0%	0%	0%	

Collateral held as security

Bonds are taken from merchants as security given the risk profile of the merchants. These are offset against receivables as required.

NOTE 9: RECEIVABLES (continued)

Receivables written off during the year

Receivables written off during the year relates to chargebacks not recovered from merchants. The group recovers the value of chargebacks by reducing settlements to merchants in the first instance, and via reducing the merchant's bond in the second instance. Where chargebacks haven't been recovered after six months, and a merchant has been inactive for all of this time, the funds are written off.

The contractual amount outstanding on receivables that were written off during the year is $80,017 (30 June 2019: $29,688).

	31 Dec 2019	30 Jun 2019
	$	**$**
NOTE 10: OTHER FINANCIAL ASSETS		
CURRENT		
Financial assets at amortised cost:		
- Units in residential mortgage fund [1]	1,924,659	1,375,424
	1,924,659	1,375,424

(1) These investments have been acquired by the group principally for the purpose of investment of excess cash. Distribution statements are received monthly detailing the value of the investment and interest earned. These held by the group in a business model whose objective is collecting contractual cash flows that are solely payments of principal and interest. Accordingly, these investments are classified (and measured) at amortised cost.

NOTE 11: OTHER CURRENT ASSETS		
Prepayments	5,987	45,742
	5,987	45,742

NOTE 12: PROPERTY PLANT AND EQUIPMENT		
Plant & equipment		
At cost	11,170	6,031
Accumulated depreciation	(10,071)	(4,377)
	1,099	1,654
Reconciliation		
Carrying amount at beginning of the period	1,654	2,766
Additions	5,139	551
Depreciation expense	(5,694)	(1,663)
Carrying amount end of the period	1,099	1,654

	31 Dec 2019	30 Jun 2019
	$	$
NOTE 13: INTANGIBLE ASSETS		
Patents		
At cost	153,393	153,393
Accumulated impairment loss	(94,527)	(90,722)
	58,866	62,671
Reconciliation		
Carrying amount at beginning of the period	62,671	70,281
Amortisation	(3,805)	(7,610)
Carrying amount end of the period	58,866	62,671
Capitalised Software Development		
At cost	233,733	233,733
Accumulated impairment loss	(117,281)	(93,908)
	116,452	139,825
Reconciliation		
Carrying amount at beginning of the period	139,825	135,930
Additions	-	46,004
Amortisation	(23,373)	(42,109)
Carrying amount end of period	116,452	139,825
Total intangible assets	175,318	202,496

NOTE 14: PAYABLES

Trade payables	86,539	72,198
Settlement clearing	512,392	487,549
Accrued transaction processing fees	375,029	241,973
Other payables	80,350	184,526
	1,054,310	986,246

NOTE 15: OTHER LIABILITIES

Merchant Bonds	636,751	639,215
	636,751	639,215

NOTE 16: PROVISIONS

Employee benefits	42,558	37,915
	42,558	37,915

NOTE 17: SHARE CAPITAL

	31 Dec 2019	30 Jun 2019
	$	$
(a) Issued and paid up capital		
Ordinary shares	6,822,170	6,544,627

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue	Parent Equity 31 Dec 2019		Parent Equity 30 Jun 2019	
	No of Shares	$	No of Shares	$
Beginning of the financial year	16,475,298	6,544,627	13,775,298	6,529,286
Shares issued for advisory services at $0.006(1)	-	-	2,700,000	15,341
2:1 share consolidation(2)	(8,237,622)	-		
Share buyback(3)	(1,350,000)	(15,341)		
Share issue(4)	976,280	292,884		
End of the financial year	7,863,956	6,822,170	16,475,298	6,544,627

(1) On 19 June 2019, the Company issued 2,700,000 ordinary shares for total proceeds of $15,341. The shares were issued in exchange for services to be performed subsequent to the year-end. The shares were cancellable under certain conditions.

(2) On 5 September 2019, shareholders approved a share consolidation, converting every two ordinary shares into one new ordinary share. As a result of the share consolidation the number of shares issued reduced from 16,475,298 to 8,237,676.

(3) On 13 December 2019, shareholders approved a resolution to buy-back and cancellation of 1,350,000 consolidated shares issued at $0.012 issued to corporate advisors in lieu of payment for services relating to the listing of SQID on the Canadian Stock Exchange. Pursuant to agreements dated June 2019, the shares were initially issued to corporate advisors for expected future services and were cancellable under certain circumstances. The agreements were cancelled on 31 October and 1 November 2019 and the advisors formally agreed that all shares issued were to be bought back and cancelled at the original subscription price. The shares were replaced by invoices for services provided from 1 October 2018 to 31 October 2019 with the costs recognized as "Listing expenses".

(4) The invoices per (3) were settled by the issue of ordinary shares as follows.

Entity	**Shares at $0.30**	**Total value $**
Tripoint Global Equities LLC	139,917	41,975
First Growth Funds Limited	151,515	45,455
Shape Capital Pty Ltd	684,848	205,454
Total	**976,280**	**292,884**

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

NOTE 18: ACCUMULATED LOSSES

	31 Dec 2019	30 Jun 2019
	$	$
Balance at beginning of year	(3,958,702)	(4,766,095)
Net profit attributable to members of the group	196,129	807,393
Balance at end of year	(3,762,573)	(3,958,702)

NOTE 19: INTERESTS IN SUBSIDIARIES

The consolidated financial statements include the financial statements of SQID Technologies Limited and its controlled entities listed below:

	Country of incorporation	Percentage owned	
		31 Dec 2019	**30 Jun 2019**
Parent Entity:			
SQID Technologies Limited	Australia		
Controlled entities of Parent Entity			
SQID Payments Pty Ltd	Australia	100%	100%
EFT Managed Services Pty Ltd	Australia	100%	100%

NOTE 20: CASH FLOW INFORMATION	**6 months ended 31 Dec 2019 $**	**12 months ended 30 Jun 2019 $**
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit from ordinary activities after income tax	196,129	807,393
Non-Cash Items		
Amortisation	27,178	49,719
Depreciation	5,694	1,663
Receivables written off	80,017	29,688
Adviser costs settled in shares	292,884	-
Changes in assets and liabilities		
(Increase)/decrease in merchant float	(24,843)	(288,829)
(Increase)/decrease in receivables	(72,647)	(18,540)
(Increase)/decrease in prepayments	39,755	(37,468)
(Increase)/decrease in deferred taxes	(2,761)	340,329
(Decrease)/increase in payables	68,064	512,435
Decrease)/increase in security deposits	(50,136)	(1,602)
(Decrease)/increase in provisions	(2,464)	11,940
(Decrease)/increase in other liabilities	4,643	(15,229)
Net cash flow from operating activities	561,513	1,391,499

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

– Cash at bank and on hand	1,166,321	1,174,523
Closing cash balance	1,166,321	1,174,523

	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $

NOTE 21: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Profit from operations	196,129	807,393
Profit used in calculating basic and diluted earnings per share	196,129	807,393
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	8,211,272	6,932,060
Basic and diluted earnings per share	0.024	0.116

The weighted average number of ordinary shares as at 30 June 2019 have been adjusted to reflect the impact of the share consolidation as disclosed in Note 17.

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Short-term benefits	256,445	398,704
	256,445	398,704

NOTE 23: RELATED PARTY DISCLOSURES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the period ended 31 December 2019 and year ended 30 June 2019. The following table provides the total amount of transactions with related parties for the period 31 December 2019 and year ended 30 June 2019.

	Transaction	Amount ($)		Payables ($)	
		31.12.19	**30.6.19**	**31.12.19**	**30.6.19**
Sigrist Design Pty Ltd (1)	Other Expenses	15,000	11,400	2,750	11,400
First Growth Funds Limited (2)	Listing expenses	45,455	22,727	-	22,727
Shape Capital Pty Ltd (3)	Listing expenses	205,454	61,636	-	61,636
Directors and senior officers	Executive fees	256,445	317,060	44,330	37,017
Directors and senior officers	Director fees	56,129	81,644	10,649	-

(1) Director Peter Hall has a beneficial interest in Sigrist Design Pty Ltd which rents out office space as well as being the registered office for the Group. This arrangement commenced January 2019.

(2) First Growth Funds Limited issued an invoice dated 1 November 2019 for $45,455 for advisory services provided from December 2018 to October 31, 2019 related to the listing of the Company on the Canadian Stock Exchange (CSE). Services included in the invoice were due diligence review of operations, financial analysis, benchmark analysis and market sounding activity. The above amount represents costs incurred for the year ended 30 June 2019 and for the period ended 31 December 2019. First Growth Funds Limited is a major shareholder in the company, holding 14.64% of shares as at the date of this report.

NOTE 23: RELATED PARTY DISCLOSURES (continued)

(3) Shape Capital Pty Ltd. issued an invoice dated 1 November 2019 for $205,454 for advisory services provided from November 2018 to 31st October 2019 related to the listing of the Company on the CSE. Services included in the invoice were analysis and due diligence review of the Company's business model, operations, agreements, risk assessment, investor criteria, listing options, going public process and public exchange options and listing criteria. The above amount represents costs incurred for the year ended 30 June 2019 and for the period ended 31 December 2019. A director and the owner of Shape Capital Pty Ltd, Anoosh Manzoori, is also the CEO of First Growth Funds Limited.

NOTE 24: AUDITOR'S REMUNERATION

	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Amounts paid and payable to Pitcher Partners Brisbane for:		
(i)Audit and other assurance services		
An audit or review of the financial report of the parent entity and any other entity in the group	35,000	60,140
Total remuneration of Pitcher Partners Brisbane	35,000	60,140

NOTE 25: PARENT ENTITY INFORMATION

Summarised presentation of the parent entity, SQID Technologies Limited, is shown below:

(a) Summarised statement of financial position	31 Dec 2019	30 Jun 2019
Assets	$	$
Current assets	83,765	216,887
Non-current assets	642,695	643,739
Total assets	726,460	860,626
Liabilities		
Current liabilities	82,585	149,505
Total liabilities	82,585	149,505
Net assets	643,875	711,121
Equity		
Share capital	6,822,170	6,529,286
Accumulated losses	(6,178,295)	(5,818,165)
Total equity	643,875	711,121

(b) Summarised Statement of Profit or Loss and Other Comprehensive Income	6 months ended 31 Dec 2019 $	12 months ended 30 Jun 2019 $
Loss for the year	360,130	726,907
Other comprehensive income for the period	-	-
Total comprehensive loss for the period	360,130	726,907

NOTE 25: PARENT ENTITY INFORMATION (continued)

(c) Parent entity information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for the following.

SQID Technologies Limited and its wholly owned subsidiaries have formed a tax-consolidated group as entities have joined the group; SQID Payments Pty Ltd in 2013 and then EFT Managed Services Pty in 2014.

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

SQID Technologies Limited did not provide any guarantees to any of its subsidiaries as at 31 December 2019.

NOTE 26: SUBSEQUENT EVENTS

The group listed its shares on the Canadian Stock Exchange (CSE) on 21 January 2020.

On 20 February 2020, Athan Lekkas was appointed as director.

On 21 February 2020, Peter Hall resigned as director.

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

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 8 to 32:

   (a) comply with International Financial Reporting Standards as stated in Note1(a);

   (b) give a true and fair view of the financial position of the group as at 31 December 2019 and of its performance for the year ended on that date; and

   (c) comply with Australian Accounting Standards *and Corporation Regulation 2001* and other mandatory professional reporting requirements.

2. In the directors' opinion there are reasonable grounds to believe that SQID Technologies Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors for the financial year ended 31 December 2019.

This declaration is made in accordance with a resolution of the directors.

Andrew Sterling
Director

Brisbane
4 March 2020

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Independent Auditor's Report to the Members of SQID Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SQID Technologies Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 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:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the period then ended; and
(b) complying with International Financial Reporting Standards ("IFRS") and the *Corporations Regulations 2001*.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("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 Group, 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.

Other Matter

The directors resolved to change the financial year-end of the Group from 30 June to 31 December, commencing 1 July 2019. As a result, the comparatives in the financial report are as at and for the 12 month period ended 30 June 2019.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Directors report for the period ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with IFRS and the *Corporations Act 2001* 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 Responsibilities 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Pitcher Partners
PITCHER PARTNERS

J. Evans
JASON EVANS
Partner

Brisbane, Queensland
4 March 2020