



CPT Global Limited and Controlled Entities

ABN 16 083 090 895

Annual Report

for the year ended 30 June 2017

Chairman's Statement

Dear Fellow CPT Global Shareholder,

Despite early expectations of improved performance CPT Global again recorded a loss in the 2017 financial year. A solid contribution from our Australian operations was more than offset by the weak performance from our international business and in particular Europe.

The Australian business improved its performance and continued to establish and build strong customer relationships which contributed to growth in both revenue and profitability. The Australian operations remain the backbone of CPT and provides many of the skilled IT experts required to resource our international business. Again, four of our five largest clients were based in Australia in 2017.

CPT's international business, in particular Europe, experienced a further decline in revenue although overall losses were reduced. Despite continuing business development efforts new business remained difficult to win but margins improved.

The North American operations were profitable but both revenue and operating profit were lower than the prior year. Margins in North America increased and despite ongoing delays a number of new projects are expected to commence soon. Three of CPT's ten largest clients are based in North America and delivered attractive margins.

Our European operations delivered a lower but still unacceptable loss as costs were further reduced. Going forward the North American and European operations will be managed together with a focus on winning the most prospective opportunities.

The continuing development of the global IT industry and the adoption of cloud, proliferation of data and the growing need for advanced analytics and AI, presents exciting opportunities for us. CPT is committed to adapting its business model in line with the market. CPT will continue to review our business model in order that we can deliver returns commensurate with our strong reputation for delivering outcomes for our clients. Our near-term focus will be on strengthening our core business, growing revenues, addressing our cost base and also developing attractive new digitally oriented service offerings.

In 2017 our revenue fell by over 5% with increases in Australia more than offset by falls in Europe and North America. CPT recorded a net loss after tax of \$1.5m compared to a net loss after tax of \$3.9m in 2016 and will again not pay a dividend. CPT ended the financial year with cash of \$1.7m.

Despite significant business development efforts CPT has made losses over the past three years. While the opportunities, particularly in international markets, remain attractive the costs and delays in winning new business have been prohibitive. In the months ahead CPT will be taking further action to optimise its business development activities and reduce overheads in order to return to profitability. In closing I would thank my fellow directors and all of CPT Global's staff, under the leadership of our Managing Director, Gerry Tuddenham, for their ongoing efforts.



Fred S. Grimwade
Chairman

Managing Director's Review

Fellow Shareholders,

In FY16 we commenced a process to review our strategy, our structure, our culture and our operations. To set a clear direction for the next 3-5 years and to ensure we capitalise on market direction towards cloud, data analytics, mobility and artificial intelligence, it was the right time to revisit our corporate charter.

We have made a lot of progress in embedding our new purpose, mission and vision into our customer and consultant communications and training. Our roadmap and business strategy was refreshed in line with our new charter.

The CPT vision statement encompasses the changes in direction we are making to align our strategy with how digital transformation is dominating technology services demand in the market.

Our vision at CPT is to be an innovative digital and IT performance solution leader, delivering consistent growth in revenues, dividends, and share price, derived from 50 global enterprise clients, scalable new revenue streams and partner alliances that capitalise on opportunities from the shift to cloud, mobile and data driven investments.

During the year we continued to implement changes to stabilise and reinvigorate the business and drive performance. This included taking decisive action to reduce unnecessary expenses, leveraging cloud based software to run our business faster and recruiting talent to drive our new business lines.

However, despite the many positive changes and progress made, CPT made a loss after income tax of \$1.5million in FY17 compared to a net loss after tax of \$3.9m in FY16.

After returning to profitability for the 6 month period to 30 June 2016 with an EBITDA before one-off items* of \$0.34m, we were unable to sustain the improvement in performance throughout FY17 despite early expectations. The EBITDA loss for the 2017 financial year is \$1.2m which is marginally better than the EBITDA at 30 June 2016 of a loss of \$1.3m and the EBITDA at 30 June 2015 of a loss of \$1.49m.

**One-off items are: impairment of goodwill, payroll tax refund and write down and provision for WIP recognised as revenue in prior periods.*

Our Australian business continued to perform well with steady growth in revenue and margins but it was not sufficient to make up for the disappointing results in North America and Europe. The second half of the year was particularly disappointing with an EBITDA loss of \$1.1m. The loss in the second half was a result of a significant decline in revenue in North America and Europe in the last quarter.

We are under no illusion that three years of losses in a row is in any way acceptable to Shareholders and further action has been taken to reduce costs and drive revenue growth across all regions:

- the European region has been merged with the North American region. The New York office has taken over responsibility for the European operations and is leading and managing the European sales team and providing administration support;
- merging Europe and North America has resulted in a further reduction in fixed costs. Leases in the UK have either not been renewed or terminated and head count has been reduced. There were no material costs to the business in implementing these changes. The fixed costs of the European region are now just the costs of maintaining the corporate structure and compliance requirements in each country CPT has a subsidiary;
- variable costs in Europe are contractor time and travel costs. Variable costs cannot be incurred without pre-approval;
- these changes in Europe, as well as other actions taken in Europe during the last two years, are expected to save \$480k in operating costs in FY18 when compared to FY17, a 51% reduction; and
- we have invested in business development in the regions in which we see the best opportunities for growth in the short to medium term, Australia and North America. We have appointed a new sales

Managing Director's Review

manager in Australia to focus on driving key partnerships and the Sydney market and the COO has transitioned to a sales focussed role in the Southern region. The COO role and responsibilities have been allocated across existing employees. We have also appointed a sales manager in New York to drive growth in new accounts in North America.

Highlights of the year

Despite the result, there were positive outcomes, events and developments during the year that are worth highlighting:

- revenue in the Australian region grew 4.3% with major contracts in the government, semi-government and banking sectors renewing and 15 new clients across government, insurance, education and health being won;
- CPT entered into a partnership with Wipro Limited (Wipro), a leading global information technology consulting and business process services company, to deliver IT testing services to one of Australia's largest financial institutions. The partnership has seen CPT increase the number of consultants at the client;
- The relationship with Wipro has extended to the Northern Hemisphere where CPT completed a mainframe tuning and cost reduction project for Wipro;
- the pipeline in North America is strong but the region suffered from delays in closing new contracts in the second half of the financial year. However, the hard work and dedication of the North American team has resulted in CPT closing a US\$2m risk/reward contract in August 2017 with one of the world's largest financial institutions. The project will be delivered in FY18;
- a large risk/reward contract was successfully completed in North America and the client is now providing references to potential CPT clients. This is a testament to the expertise of our mainframe consultants and the quality service they consistently deliver;
- the signing of 3 further alliance agreements with vendors of world class software tools and services squarely aimed at enhancing our digital solution capabilities; and
- the digital consulting practice was established.

Operating and Financial Review

CPT made a loss after tax of \$1.5m for the full financial year. The loss was driven by the decline in revenue in Europe of 33.3% and North America of 18.5% from FY16 (see Table 1). While costs were reduced across the regions this was not sufficient to counter the reduction in revenue, particularly in the last quarter of the financial year when the reduction in revenue was most pronounced.

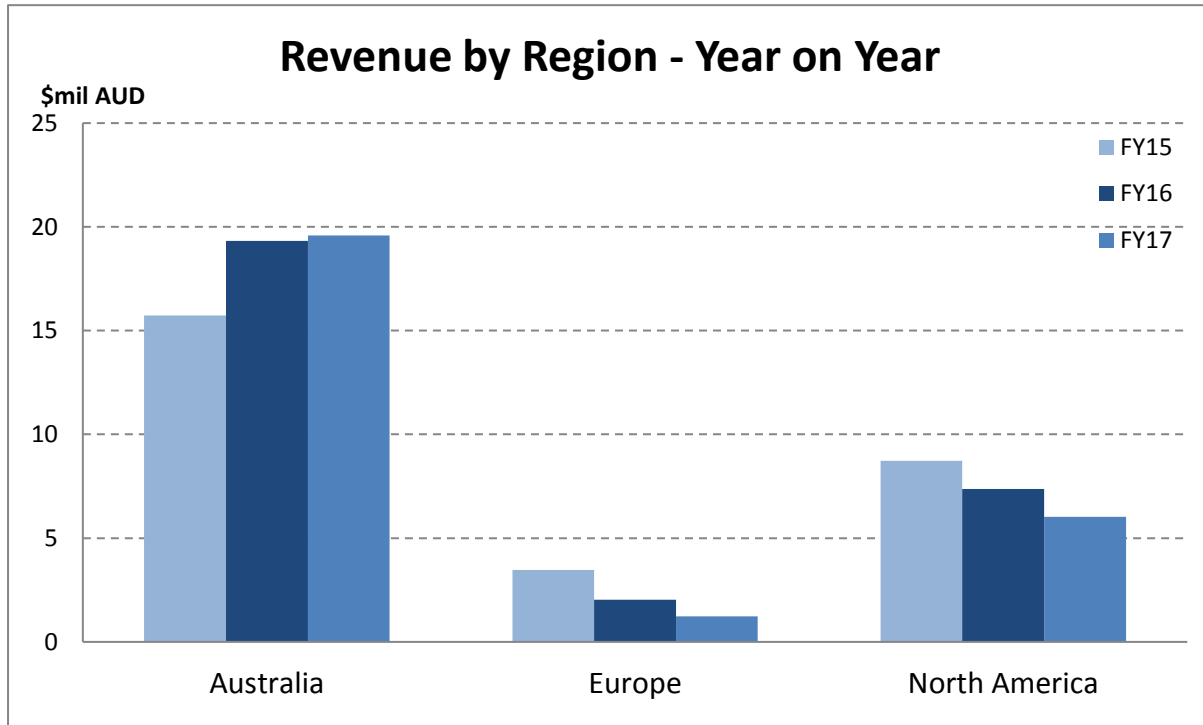
Revenue in North America was impacted by changes to key management personnel at our largest client in North America. Revenue didn't start to rebound at the client until June 2017.

Write downs in unrecoverable WIP of \$0.3m in the second half of the financial year added to the impact of lower revenue.

Cost cutting in Europe, North America and head office and growth in Australia were not sufficient to cover the losses in Europe and North America in the last quarter.

Managing Director's Review

Table 1

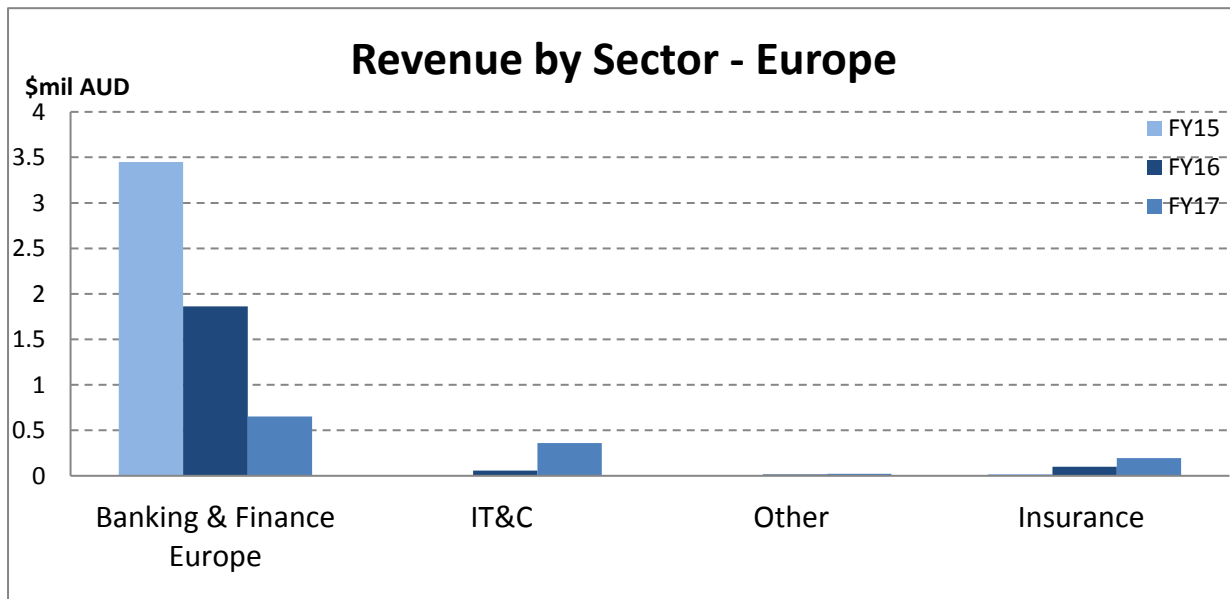


Europe

The signs of improvement in the performance of the European region in late FY16 were not sustained beyond the first quarter in FY17. There was no single factor that caused the halt in the improvement in performance but the uncertainty in Europe that arose after Brexit and the concerns about the strength and stability of the Italian banking sector made rebuilding the region more difficult, particularly in Italy where we had been successful in winning work in the banking sector.

Table 2 shows the reliance Europe has on banking and the challenges experienced in FY15, FY16 and FY17.

Table 2



Managing Director’s Review

North America

The performance of the North American region in the first three quarters of the year was solid with some exceptional results on individual projects. However, on completion of a risk reward project in March, monthly revenue declined through the fourth quarter as new projects were not ready to come online.

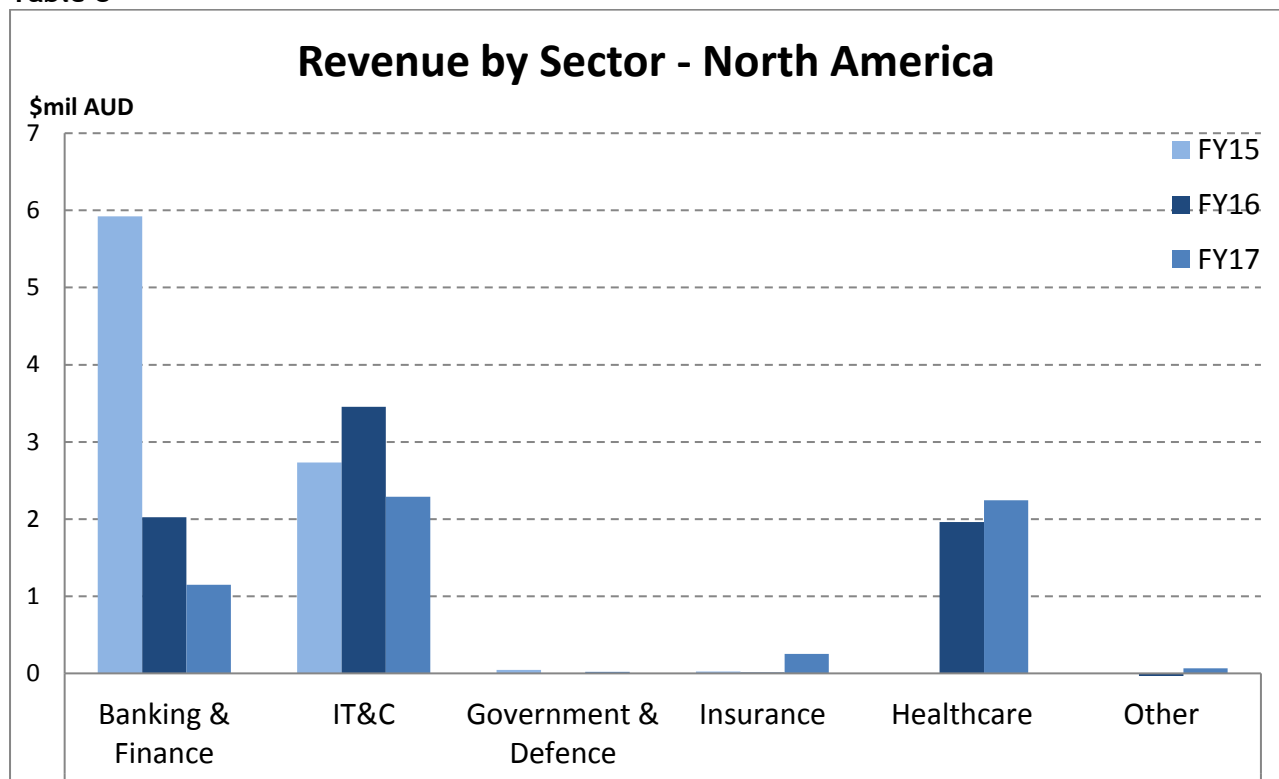
Overall, revenue decreased by 18.5% in North America. Revenue in Canada declined 45.8% after a change in senior management at our biggest client in North America. The revenue didn’t start to return to historic levels until June 2017.

Revenue in the USA grew 10.8% on the back of a successful risk reward contract in the healthcare sector. However, the growth in revenue and strong margins in USA were not sufficient to cover the reduction in revenue in Canada.

Three of our top ten clients by revenue are based in North America.

Table 4 shows that revenue is concentrated in three sectors but the mix of revenue varies significantly year on year.

Table 3



Australia

Revenue in Australia grew by 4.3% in the financial year. We grew revenue across our three major industry sectors of banking & finance, government & defence and IT&C. The growth in the Australian business is profitable and margins have been maintained despite the general pressure on margins in the industry. Revenue has grown by 24% in two years. Seven of our top 10 clients by revenue are based in Australia.

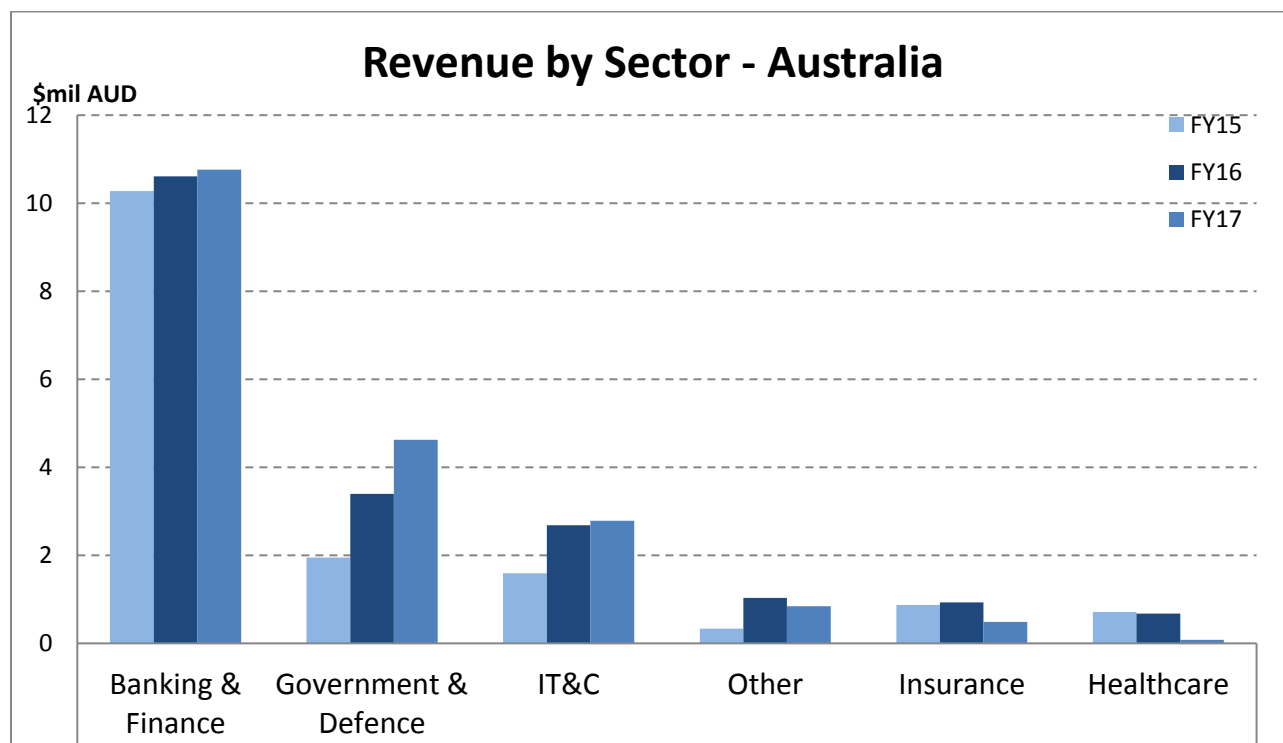
The Wipro partnership commenced during the financial year and has seen CPT increase the number of consultants at the client. The five year term of this agreement provides us with some certainty and stability and allows us to focus on growing the account.

Managing Director's Review

During the year we established digital consulting as a distinct practice, recruited a consultant to lead the practice and increased the number of partnerships and alliances with world-class digital solutions providers to six. The delivery of a robotic process automation project at a financial institution was a milestone for the company and demonstrated the strength in combining CPT's consulting services and skills with industry leading partners.

The addition of a new sales manager and the changes to the structure of the sales team are showing early positive signs and the pipeline in Australia remains strong into FY18.

Table 4



Financial Results

Financial Performance

CPT Global's revenue for the year ended 30 June 2017 was \$27.2m, a 5.6% decrease on the previous year's revenue of \$28.8m. CPT Global's net loss after tax for the year ended 30 June 2017 was \$1.5m, an improvement of \$2.4m on the 30 June 2016 result.

The improvement in performance is a result of:

- profitable growth in the Australian region;
- a significant reduction in the operating losses in Europe as costs were cut and margins improved on FY16 despite the reduction in revenue. Margins in FY16 were unusually low due to the early close out of a risk/reward contract with an Italian bank which resulted in a breakeven result for CPT; and
- \$0.6m of goodwill was impaired in FY16.

Basic earnings per share amounted to -3.93 cents per share (diluted earnings -3.93 cents per share).

Managing Director's Review

Financial Position

CPT Global's balance sheet reflected net tangible assets of \$0.3m as at 30 June 2017 (\$1.5m at 30 June 2016).

- Unbilled revenue (WIP) has decreased by \$1.1m. At 30 June 2016 \$0.8m of WIP related to risk/reward contracts. At 30 June 2017, the WIP relating to risk/reward contracts was \$0.1m. The balance of the decline is due to a decrease in the number of fixed price and milestone contracts in Australia as billing at a major client moved to monthly time and materials.
- The \$0.8m increase in trade and other receivables is due to the delay in payments from two clients as agreements went through change processes (\$1.6m paid in July). Without the delay in payment trade and other receivables decreased in line with the reduction in revenue in the last quarter in North America and Europe;
- Trade and other payables decreased by \$1.6m as amounts owed to contractors for May and June 2017 were lower in comparison to FY16 with the reduction in revenue in the last quarter in North America and Canada and the cost base of the Company was lower at the end of FY17 than in FY16; and
- Borrowings at year end relate to the debtor funding provided by Scottish Pacific against the debtors of the Australian business. The balance owing was high at 30 June 2017 due to the \$1.6m of debtors outstanding due to a delay in payment, as mentioned above. Approximately \$1.2m of the debtor funding related to these debtors.

Cash Flow

CPT had \$1.7m in cash at 30 June 2017 (\$3.0m 30 June 2016), a cash outflow of \$1.7m in the financial year. We also had access to \$0.9m in additional funding in our debtor funding facility.

Our strong cash management processes, Australian debtor funding facility, early payment programs with clients in North America, delays in finalising Canadian tax obligations with the Canadian tax authorities and the increase in revenue in Australia all contributed to CPT being able to manage the cash flow challenges in FY17.

The decrease in cash at 30 June 2017 is due to the \$1.5m after tax loss.

Capital Management

No dividends will be declared for FY17.

Our debtor funding facility has a limit of \$5m of which \$1.6m was outstanding at 30 June 2017 and \$0.9m was available to draw on.

During FY18 our focus will be on growing cash flow from operations to minimise the use of debtor facilities and the associated costs so that we can rebuild our cash position and start paying dividends again.

Our People

Our employees and consultants have shown great loyalty and dedication to CPT and have adapted to the changes being implemented whilst continuing to deliver the high levels of service to clients and the business we are renowned for. To CPT's people I thank you on behalf of the Board of directors and the executive team for the professional way in which you have continued to deliver the high quality of service to our clients and to the business during a difficult couple of years for CPT and a period of transition and transformation to becoming a digital services leader.

Strategy

Our clients are operating in an environment in which innovation, disruption, digital transformation, speed to market, quality assurance and cost control are driving strategic and operational decision making. Our digital practice will become a core component of our services and drive new products, services and strategic alliances.

To enhance our offering to our clients we are leveraging our existing partnerships and investigating opportunities to partner with world class software vendors and service providers.

The CEO Australia and Asia will continue running the Australian and Asian regions and drive the growth and expansion of the digital practice. I will be focussed on the international business, as I was during FY17. My focus is on closing business in North America and Europe and working with our partners to provide CPT with enhanced sales capacity, enhanced reach as well as using our people to open doors with new clients and expand our presence in existing clients. While mainframe has been the backbone of the international business, we will

Managing Director's Review

continue expanding our services into midrange, testing, digital and cloud.

The Outlook

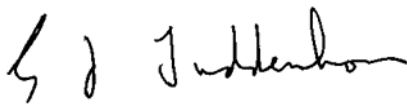
We are optimistic that the momentum we have built in Australia will continue into FY18 and projects in the North American business that have been in negotiation for many months will start to close in the first quarter, however, we are also cognisant of the challenges that still lie ahead.

The Australian business is expected to continue to grow steadily, particularly within the banking and insurance sectors and federal government departments and semi-government organisations. Our revenue and consultant pipelines remain strong. We expect margin pressure to continue in some industry sectors with increases in volume compensating for the lower margins. Contract renewals are due at two major clients and while we are confident of extending the contracts, there is always a risk that the scope of the contract could change or the contract could not be extended.

We expect revenue in the North American business to grow in the first half of FY18 as revenue contracted for the first quarter at our largest client in Canada has increased and a risk/reward contract worth up to US\$2m was signed in August and is due to commence in mid-September. Our priority is to continue to close risk/reward contracts in the short term with two opportunities in the final stages of negotiation, convert risk/reward clients to long term recurrent revenue and grow our other services at existing and new clients.

In Asia we will continue to use our partner model in the short term to identify and convert opportunities. The pipeline in Asia is encouraging and projects will continue to be undertaken on an opportunistic basis in the short term.

The outlook in the European region is uncertain. To minimise our exposure the European region has been merged into the North American region to form a Northern Hemisphere region, our presence scaled back and fixed costs have been cut to the minimum required to maintain the corporate structure and comply with relevant laws and regulation. The cost cutting and structural changes will allow us to adjust our strategy quickly as the need arises.



Gerry Tuddenham
Managing Director
September 28, 2017

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Corporate Governance Statement

The Board of Directors of CPT Global is responsible for the corporate governance of the group. The Board guides and monitors the business and affairs of CPT Global on behalf of the shareholders by whom they are elected and to whom they are accountable.

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principals and Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

CPT Global's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations.

A summary of CPT Global's corporate governance policies and practices can be found at www.cptglobal.com/investor-centre/.

Principle 1: Lay solid foundations for management and oversight

Functions reserved for the Board

The Board is responsible for governing the Company, providing leadership and monitoring CPT Global on behalf of its shareholders. In addition, the Board is responsible, along with management, for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board has adopted a Charter that sets out, among other things, its specific powers and responsibilities and the matters delegated to the CEO and management and those reserved to the Board. Information regarding the Charter can be found at www.cptglobal.com/wp-content/uploads/2017/07/Board-Charter.pdf.

The senior executives of CPT Global are responsible for matters which are not specifically reserved for the Board. Senior executives manage the Company in accordance with the direction and strategy adopted by the Board.

Appointment and election of directors

Prior to the appointment of a new Director, CPT Global undertakes appropriate checks and internal investigations on the suitability of nominated directors.

CPT Global's Constitution requires that an election of directors takes place each year. In addition, directors appointed during the year to fill a casual vacancy or as an addition to the existing directors during the year, must retire from office at the next annual general meeting following their appointment but are eligible for re-election by shareholders at that time.

The Notice of Meeting for an Annual General Meeting sets out the background, experience and skills of each director seeking election or re-election to the Board along with a recommendation of the Board in relation to the election or re-election. Security holders are provided with all material information in CPT Global's possession relevant to a decision on whether or not to elect or re-elect a director.

Director agreements

CPT Global has written agreements with each director and senior executive setting out the terms of their appointment, including commencement and end date, terms of appointment, remuneration and obligations.

Corporate Governance Statement

Company Secretary

The Company Secretary is charged with facilitating CPT Global's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have a right of access to the Company Secretary.

Diversity policy

CPT Global has a diversity policy which provides equal opportunity to all appropriately skilled individuals with respect to their recruitment, remuneration, promotion, training and other employment practices. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. CPT Global is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

The diversity policy is currently under review by the Board. During the 2017 financial year the Board did not set measurable objectives to progress our diversity goals, however, gender balance is reported to the Board on a monthly basis.

Our progress with gender balance can be measured below:

	2017		2016	
	No.	%	No.	%
Women on the Board	0	0	0	0
Women in senior management roles	2	22	2	18
Women employees in the company	26	17	24	16

On 29 May 2017, CPT Global lodged its annual public report with the Workplace Gender Equality Agency pursuant to the requirements of the Workplace Gender Equality Act 2012 (the Act). The Act is designed to put a focus on promoting and improving gender equality and outcomes for both women and men in the workplace. All non-public sector employers with more than 100 employees are required to report annually under the Act.

The Act requires companies to provide access to the report to employees and shareholders via the usual means of communication with them.

A copy of the report is available on the Company's website at www.cptglobal.com/investor-centre. Note that this report reflects the employee numbers at a particular reporting date.

Evaluating the performance of the Board, its Committees, its directors and Senior Executives

The Board's Charter states that the Board will conduct annual reviews of both individual Board members, performance of the Board as a whole and the performance of Board Committees.

An annual performance evaluation of the Board and all Board members is conducted at the completion of each financial year.

The Board developed a questionnaire for all Board members to provide feedback on the role, composition, procedures and practices of the Board and its Committees. The results from the questionnaire are collated by the Company Secretary and discussed by the Board.

The initial results of the evaluation of the performance of the Board were presented to the Board on 25 September 2017.

Corporate Governance Statement

CPT Global undertakes an annual performance evaluation of its senior executives. This encompasses a review of each senior executives' achievement of their performance objectives and the establishment of future objectives. The determination of appropriate remuneration for each executive follows the performance evaluation.

The Remuneration Report includes more details on CPT Global's remuneration practices. An annual performance evaluation of the senior executive team was conducted following the completion of the financial year.

Principle 2: Structure the Board to add value

Remuneration & Nomination Committee

The Board has a Remuneration and Nomination Committee which meets to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The Committee is also responsible for ensuring that adequate resourcing levels are maintained, setting and monitoring employment conditions, reviewing the performance of executive directors and senior management and setting the scale of their remuneration. The Remuneration and Nomination Committee comprises all of the non-executive directors. The Remuneration and Nomination Committee comprised the following members throughout the year:

- Alan Baxter (Chairman)
- Fred Grimwade

The Board policy is that the Committee will only comprise independent non-executive directors. Due to the number of independent directors on the Board, CPT Global has not complied with corporate governance best practice, which recommends the Remuneration and Nomination Committee to have a minimum of three members.

For details of directors' attendance at meetings of the Remuneration & Nomination Committee, refer to page 29 of the Directors' Report.

A summary of the Committee's role and responsibilities can be found as an appendix to the Board Charter at www.cptglobal.com/wp-content/uploads/2017/07/Board-Charter.pdf.

Board Skills Matrix

The Remuneration & Nomination Committee maintain, on behalf of the Board, a capabilities matrix. The Board composition is reviewed at least annually against the matrix and the effect of a proposed new director on Board composition and balance is also assessed against the matrix. Succession planning in order for the Board to maintain appropriate experience, expertise and diversity is an important responsibility of the Remuneration & Nomination Committee. While important, the capabilities matrix is only part of the process for assessing proposed directors.

The Board has adopted the capabilities matrix, set out below, which sets out the mix of skills and diversity that the Board is looking to achieve in its membership. The skills matrix highlights the key skills and experience of the Board and the extent to which those skills are currently represented on the Board.

Corporate Governance Statement

Skills/Experience

Total Number of Directors	4
Public Company Governance Experience with listed and other organisations subject to robust governance frameworks with an ability to assess the effectiveness of relevant governance processes	3
Executive Experience Experience in senior positions at executive levels	4
Strategy & Planning Ability to develop and implement successful strategy and deliver agreed strategic planning goals	4
Accounting, Finance & Capital & Debt Management Senior executive experience in financial accounting and reporting, capital management, taxation, internal controls and corporate financing arrangements	1
Risk Management Experience in the oversight and management of material business risk including membership of risk committees	3
IT Industry Experience Senior executive experience in the IT sector	3
Consulting & Technology Services Experience Senior executive experience in consulting services, particularly in the IT sector	3
Mergers and acquisitions Senior executive experience in successfully undertaking mergers & acquisitions	4
Marketing & Sales Senior executive experience in selling IT consulting services and marketing	2
International market experience Senior executive experience in managing operations and subsidiaries in multiple countries	4
Occupational Health & Safety Experience in relation to workplace health and safety	1
Environment and Sustainability Experience in relation to environmental and social responsibility and community	1
Legal & Regulatory Experience in legal and regulatory matters	2
Human Resources Experience in relation to remuneration and incentive practices, succession planning and director appointment processes	2

Board skills and experience

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the directors' report on pages 19 and 20.

Corporate Governance Statement

Director independence

The following directors of CPT Global are considered to be independent:

Name	Position
Fred Grimwade	Non-executive Chairman
Alan Baxter	Non-executive Director

An independent director is a director who is not a member of management (a non-executive director) and who:

- holds less than five percent of the voting shares of CPT Global and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five percent of the voting shares of CPT Global;
- within the past three years has not been employed in an executive capacity by CPT Global or another group member, or been a director after ceasing to hold any such employment;
- within the past three years has not been a principal or employee of a material professional adviser or a material consultant to CPT Global or another group member;
- is not a material supplier or customer of CPT Global or another group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
- has no material contractual relationship with CPT Global or another group member other than as a director of CPT Global;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of CPT Global; and
- has not had their independence compromised by the length of their tenure preventing them from being able to bring an independent judgement to bear on issues before the Board and to act in the best interests of CPT Global and its security holders.

Materiality is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the company's strategy.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Fred Grimwade	15 years
Alan Baxter	7 years
Gerry Tuddenham	19 years
David Lynch	11 months

The Board considers Fred Grimwade to be independent even though his tenure on the Board exceeds 10 years as the Board expects the Chairman to have a deep understanding of CPT Global and its business and with an interest in 2% of the shares of CPT Global, Mr Grimwade's interests are aligned with the interests of CPTs shareholders. After the appointment of David Lynch, there is no longer a majority of independent directors on the Board. However, the independent chairman has a casting vote in the event of a deadlocked vote on a Board resolution.

Corporate Governance Statement

Director induction and professional development

CPT Global has a program for inducting new directors and provides appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively. For more information on Director induction and education, see the Board Charter at www.cptglobal.com/wp-content/uploads/2017/07/Board-Charter.pdf.

Principle 3: Act ethically and responsibly

Code of conduct

The Board is committed to its core governance values of integrity, respect, trust and openness among and between board members, management, employees, clients and suppliers. These values are enshrined in the Board's Code of Conduct which requires all directors, management and employees to at all times:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

CPT Global's policy regarding directors and employees trading in its securities is set by the Finance and Audit Committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities price.

Information relating to the Code of Conduct and Trading Policy can be found at www.cptglobal.com/investor-centre.

Principle 4: Safeguard integrity in corporate reporting

Finance and Audit Committee

The Board has a Finance and Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity and ensure compliance with ASX Listing Rule disclosure requirements. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, external reporting and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Finance and Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The Corporate Governance Principles recommend that all Finance and Audit Committee members are non-executive. CPT Global only has two non-executive directors therefore the managing director has also been appointed to the Finance and Audit Committee.

The members of the Finance and Audit Committee during the year were:

- Fred Grimwade (Chairman)
- Alan Baxter
- Gerry Tuddenham

Corporate Governance Statement

Due to the size of the company and the Board of directors, CPT Global has not complied with corporate governance best practice, which recommends the Finance and Audit Committee have a different Chairman than the Board.

For details of directors' experience and qualifications refer to pages 19 and 20 of the Directors' Report. For details of attendance at meetings of the Finance and Audit Committee, refer to page 29 of the Directors' Report.

A copy of the Committee's Charter is included as an appendix to the Board Charter and can be found at www.cptglobal.com/investor-centre.

CEO & CFO declarations

For the annual and half-year results, the CEO and CFO have provided a written declaration to the Board stating that, in all material respects, the Company's financial report gives a true and fair view of CPT Global's financial position and operational results and are in accordance with relevant accounting standards and the financial records have been properly maintained in accordance with the Corporations Act 2001.

The declaration by the CEO and CFO states that it is founded on a sound system of risk management and internal compliance and control system and that the risk management and internal compliance and control systems to, the extent they relate to financial reporting, are operating effectively and efficiently in all material respects.

Auditors attendance at the AGM

The external auditor attends the Annual General Meeting to answer any questions concerning the conduct of the audit, the preparation and content of the Auditor's report, accounting policies adopted by the group and the independence of the auditor in relation to the conduct of the audit.

Principle 5: Make timely and balanced disclosure

Continuous disclosure policy

CPT Global is subject to continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 2001. Subject to limited exceptions, CPT Global must immediately notify the market, through the ASX, of any information that a reasonable person would expect to have a material effect on the price or value of CPT Global's securities. CPT Global has a Continuous Disclosure Policy, a summary of which can be found at www.cptglobal.com/investor-centre.

Principle 6: Respect the rights of security holders

Online information for security holders

CPT Global's corporate website has a dedicated Investors section which provides information on the Company, corporate governance and financial reports as well as providing access for security holders to contact the Company and Company Secretary by email.

The Corporate Governance tab sets out CPT Global's charters, policies, codes and ethical standards.

Promoting effective communication with security holders

The Board is committed to giving security holders and potential investors balanced and understandable information about the Company and corporate proposals. The Company communicates with security holders via the financial media for significant corporate events and meetings with security holders and potential investors are held on request. The Company responds to questions and enquiries made by security holders in a timely and transparent manner.

Corporate Governance Statement

CPT Global has a Shareholder Communications Policy which can be found at www.cptglobal.com/investor-centre. The policy explains how information will be communicated to security holders and lists the following channels:

1. releases to the market via the ASX;
2. through the Company's web site;
3. directly to shareholders; and
4. at general meetings of the Company.

CPT Global's Shareholder Communications Policy works in tandem with Continuous Disclosure Policy

Security holders are entitled to vote on significant matters impacting on the business. The Board actively encourages security holders to attend and participate in the Annual General Meeting of CPT Global, to lodge inquiries and to be responded by the Board and or the CEO and can appoint proxies. The date of the AGM is published well in advance in the financial report and in the Notice of Meeting sent to security holders.

At the AGM, the Chairman encourages security holders to ask questions on each item of business and, after the formal business of the meeting, encourages security holders to ask general questions.

Communicating with security holders

Shareholders have the option to receive communications from and send communications to the Company and its security registry electronically.

Furthermore, the Company website has a "Contact" section which allows investors and others to communicate with and ask questions of the Company.

Principle 7: Recognise and manage risk

Policy for oversight and management of business risk

CPT Global believes that, given the size of the Board, it is crucial for all Board members to be a part of the risk management process, and as such the Board has not established a separate risk management committee. Instead sub-committees are convened as appropriate in response to issues and risks identified by the Board and the sub-committee further examines the issue and reports back to the Board.

Design and implementation of risk management and internal control systems

CPT Global takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The main risks that could negatively impact on the performance of the Group's business include:

- the global economic environment;
- the availability of professional IT resources;
- the value of the Australian dollar;
- Government policy, budget and spending levels.

The Finance and Audit Committee is responsible for establishing and maintain a framework of internal control. The Board and the Audit Committee have a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- Board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against

Corporate Governance Statement

these budgets, including the establishment and monitoring of Key Performance Indicators (KPI's) of both a financial and non-financial nature.

- The establishment of committees to report on specific business risks, including for example, such matters as the financial risks and concerns and occupational health and safety.

Due to the size of the company, CPT Global does not have an internal audit function.

In addition to their regular reporting on business risks, risk management and internal control systems, the CEO and Chief Financial Officer also provide the Board with assurance that the directors declaration provided with the annual report is founded on a sound system of risk management and internal control and that this system is operating effectively in all material respects in relation to the financial reporting risks. This assurance is provided prior to the meeting at which the directors are due to authorise and sign the company's financial statements.

The Board undertook a review of CPT Global's risk management framework during the reporting period and undertakes such reviews on an annual basis.

CPT Global does not have any material exposure to environmental and social sustainability risks.

Principle 8: Remunerate fairly and responsibly

The Remuneration Report (on pages 23 to 29 of this report) sets out details of CPT Global's policy and practices for remunerating directors and executives.

Information on the Remuneration & Nomination Committee is included under Principle 2 of this Corporate Governance Statement.

CPT Global does not have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the performance rights scheme.

Due to the number of independent directors on the Board, CPT Global has not complied with corporate governance best practice, which recommends the Remuneration & Nomination Committee to have a minimum of three members.

Information relating to the Remuneration & Nomination Committee and CPT Global's policy on share trading in relation to shares or equity-based products can be found at www.cptglobal.com/investor-centre.

Directors' Report

Your directors submit their report for the year ended 30 June 2017.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Fred S Grimwade
(Non-executive
Chairman)



Fred chairs CPT's Finance and Audit Committee and is a member of the Remuneration Committee. He is a director of specialist corporate advisory and investment firm Fawkner Capital, and is a non-executive director of Select Harvests Limited, XRF Scientific Limited and Australian United Investment Company Limited. He is also a director of the Foundation for Rural and Regional Renewal.

Fred was a commercial lawyer at Mallesons Stephen Jaques, and later worked with Goldman, Sachs & Co. in New York and Sydney. He also served as Company Secretary and General Manager of Shareholder Relations at Western Mining Corporation. In 1996, he joined Colonial Mutual as Group Company Secretary and General Manager for Legal Affairs and subsequently became Head of Private Capital for Colonial First State Investments, one of Australia's largest fund managers. He was Managing Director of the Colonial Agricultural Company from 1998 to 2006 and a non-executive director of AWB Limited from 2008 to 2010. Fred is a senior fellow and life member of the Financial Services Institute of Australasia (Finsia) and was its joint president from 2005 to 2006. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Secretaries Australia.

Gerry Tuddenham
(Managing Director)



Gerry is the founder of and a major shareholder in CPT. He has more than 40 years experience in IT consulting and is a hands-on technologist with a reputation for delivering practical solutions. Gerry is widely known as a technical specialist in performance tuning, capacity planning and testing in IBM mainframes, with additional expertise in expert systems, transaction processors, middleware and database management systems. Gerry was the lead developer of the Expetune and Expetest utilities, which automate a number of intricate tuning and testing activities. He has worked internationally in a broad range of industries, with a focus on financial services and telecommunications. Gerry is a member of the Australian Institute of Company Directors. Gerry is a member of the Finance and Audit Committee.

Alan Baxter
(Non-executive
Director)



Alan is a member of CPT's Finance and Audit Committee and also chairs the Remuneration Committee. He has a strong record of leading profitable growth initiatives, possessing a unique blend of business development skills, commercial acumen and technology expertise. Alan has some 40 years experience across all facets of the IT services industry and has held a number of senior executive roles at IBM and Unisys before his appointment as Chief Executive Officer of DMR Consulting (Asia Pacific). He subsequently moved to London where he became Chief Operating Officer of Fujitsu Consulting (formerly DMR Consulting). On his return to Australia he was appointed to several non-executive director roles. Alan is not a director of any other ASX listed entities.

Directors' Report

David Lynch
Appointed
17 October 2017
 (Executive Director
 and Acting CEO)



David is the CEO Australia & Asia and acting CEO. David was widely regarded as one of the leading CIOs in the Asia Pacific region before he joined CPT Global in April 2016. Most recently, he led the digital transformation strategy and execution for DBS Bank in Hong Kong and Mainland China and established Hong Kong's first dedicated fintech startup accelerator in partnership with technology giants Amazon, Microsoft and Samsung. He is a passionate technologist, innovator and digital thought leader.

David lived and worked in Singapore, Shanghai and Hong Kong for 13 years prior to relocating to Australia and held CIO roles in General Motors, Standard Chartered and DBS Bank. David is an advisory board member for Kasisto, a New York / Silicon Valley artificial intelligence startup. He is also an angel investor and has supported multiple university alliances and talent programs over the course of his career.

In 2010, David was the inaugural winner of the Australia China Alumni award for corporate achievement. In 2015, he was the winner of the Customer Experience in Financial Services (CXFS) award.

COMPANY SECRETARY
Grant Sincok

Grant was appointed as Chief Financial Officer and Company Secretary in June 2015. Grant brings 20 years of experience as a finance professional to CPT Global Limited, having been a partner at ShineWing Australia (formerly Moore Stephens Melbourne) where he held many senior executive positions, including: member of the Executive Board, Head of Corporate Finance and Head of Audit and Assurance. He is a member of Chartered Accountants Australia and New Zealand.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and performance rights of CPT Global Limited were:

	Ordinary Shares	Performance Rights
Alan Baxter	-	50,000
Fred S Grimwade	718,200	50,000
Gerry Tuddenham	12,231,925	200,000
David Lynch	417,458	-

EARNINGS PER SHARE

	Cents
Basic earnings per share	(3.93)
Diluted earnings per share	(3.93)

DIVIDENDS

No dividends have been recommended by directors or paid for the 2017 financial year.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities of the economic entity during the financial year were the provision of specialist IT consultancy services.

There have been no significant changes in the nature of those activities during the year.

Directors' Report

Employees

The consolidated entity employed 151 employees and contractors as at 30 June 2017 (2016: 150 employees and contractors).

OPERATING AND FINANCIAL REVIEW

The loss after income tax was \$1.5m in in FY17 compared to a net loss after tax of \$3.9m in FY16.

After returning to profitability for the 6-month period to 30 June 2016 with an EBITDA before one-off items* of \$0.34m, we were unable to sustain the improvement in performance throughout FY17 despite early expectations. The EBITDA loss for the 2017 financial year is \$1.2m which is marginally better than the EBITDA at 30 June 2016 of a loss of \$1.3m and the EBITDA at 30 June 2015 of a loss of \$1.49m.

**One-off items are: impairment of goodwill, payroll tax refund and write down and provision for WIP recognised as revenue in prior periods.*

The second half of the year was disappointing with an EBITDA loss of \$1.1m. The loss in the second half was a result of a significant decline in revenue in North America and Europe, particularly in the last quarter. The growth in the Australian business was not sufficient to offset the decline in revenue in Europe and North America.

Financial Performance

CPT Global's revenue for the year ended 30 June 2017 was \$27.2m, a 5.6% decrease on the previous year's revenue of \$28.8m. CPT Global's net loss after tax for the year ended 30 June 2017 was \$1.5m, an improvement of \$2.4m on the 30 June 2016 result.

The improvement in performance was a result of the Australian region growing profitably and a significant reduction in operating losses in Europe. Furthermore, \$0.6m of goodwill was impaired in FY16.

Basic earnings per share amounted to -3.93 cents per share (diluted earnings -3.93 cents per share).

Financial Position

CPT Global's balance sheet reflected net tangible assets of \$0.3m as at 30 June 2017 (\$1.5m at 30 June 2016). The decline in net tangible assets is a direct result of the losses incurred during the year and is reflected in:

- a decrease in unbilled revenue (WIP) of \$1.1m as risk/reward contracts at 30 June 2017 were at or near completion with WIP \$0.1m to be invoiced. There was also a decrease in the number of fixed price and milestone contracts in Australia as billing at a major client moved to monthly time and materials; and
- a decrease in trade and other payables of \$1.6m as amounts owed to contractors for May and June 2017 were lower in comparison to FY16 in line with the reduction in revenue in the last quarter in North America and Canada.

Trade debtors did not decline in line with revenue as two clients delayed payments as agreements went through change processes (\$1.6m paid in July). Without this delay trade and other receivables decreased in line with the reduction in revenue in the last quarter.

Borrowings at year end relate to the debtor funding facility used in the Australian business. The balance owing was high at 30 June 2017 due to the delay in receiving payment, as mentioned above. Approximately \$1.2m of the debtor funding related to these debtors.

Cash Flow

CPT had \$1.7m in cash at 30 June 2017 (\$3.0m 30 June 2016), a cash outflow of \$1.7m in the financial year. We also had access to \$0.9m in additional funding in our debtor funding facility.

Our strong cash management processes, Australian debtor funding facility, early payment programs with clients in North America, delays in finalising Canadian tax obligations with the Canadian tax authorities and the increase in revenue in Australia all contributed to CPT being able to manage the cash flow challenges in FY17.

The decrease in cash at 30 June 2017 is due to the \$1.5m after tax loss.

Directors' Report

Capital Management

No dividends will be declared for FY17.

Our debtor funding facility has a limit of \$5m of which \$1.6m was outstanding at 30 June 2017 and \$0.9m was available to draw on.

During FY18 our focus will be on growing cash flow from operations to minimise the use of debtor facilities and the associated costs so that we can rebuild our cash position and start paying dividends again.

For additional discussion of the financial results for the year ended 30 June 2017 please refer to the Chairman's Statement and Managing Director's Review on pages 1 and 2 respectively.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 28th August 2017 CPT Global Limited announced its intention to extend the on-market share buy back for a further twelve months until 28th August 2018. A maximum of 3,000,000 shares may be bought back during the buy-back period.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments, future prospects and business strategies of the operations of the consolidated entity are detailed in the Chairman's Statement and Managing Director's Review on Pages 1 and 2 respectively.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The company has paid premiums to insure the current directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium paid was \$41,717

Directors' Report

REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2017 outlines the Director and executive remuneration arrangements of CPT Global in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this Report, key management personnel (KMP) of CPT Global are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of CPT Global, directly or indirectly, including any Director of the parent company.

Persons to who the report applies

The remuneration disclosures in this Report cover the following persons:

Key Management Person	Position
Fred S Grimwade	Non-executive Chairman
Alan Baxter	Non-executive Director
Gerry Tuddenham	Managing Director
David Lynch	Chief Executive Officer Australia and Asia
Kevin Akom	Chief Operating Officer
Grant Sincock	Company Secretary and Chief Financial Officer
Luke Tuddenham	Vice President North America
Alan Mackenzie	Chief Technology Officer (resigned 27 May 2016)

From 1 July 2017 Kevin Akom has taken on the role of General Manager - Strategic Client Relationships within the Australian region. This new role and its responsibilities do not meet the definition of Key Management Person and Kevin will not be included in the Key Management Person disclosures from 1 July 2017.

Remuneration policy

The Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The outcomes of the remuneration structure are expected to comply with Executive Share and Option Scheme Guidelines. The payment of bonuses, stock options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria. The Board can exercise its discretion in relation to approving the incentives, bonuses and options and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. Details of such incentives awarded during the year are detailed below. Further details on the remuneration of directors and executives are provided in Note 27 to the financial statements.

To assist in achieving these objectives, the Remuneration and Nomination Committee links the nature and amount of executive directors' and officers' remuneration to the company's financial and operational performance and shareholders' value. The committee acknowledges that the creation of shareholder value has recently been inhibited by the global financial crisis and the tightening market conditions experienced within the IT industry.

Performance-based remuneration

Executives have short-term 'at risk' cash bonuses, the payment of which depends on the executive meeting their KPIs. Additional bonuses for exceptional performance in relation to the pre-agreed KPIs may be paid up to a maximum of 3 times the target bonus. . The KPIs are set annually after consultation with the directors and executives. The measures are specifically tailored to the areas where each executive has a level of control. The KPIs target areas the Board believes hold the greatest potential for expansion and profit, covering financial and non-financial goals, for both the short and long-term. They can include financial, people, client, strategy and risk measures.

Directors' Report

The directors are issued performance rights with vesting conditions tied to the share price of the company and the revenue growth of the international business.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being annual salary reviews based on key performance indicators, and the second being the issue of shares and options to selected directors and executives to encourage the alignment of personal and shareholder interests. While losses have been incurred during the last 3 years and the share price has declined, there have been no increases in annual salary during annual reviews for executives and no options have vested as key performance indicators and performance hurdles have not been met.

The following table shows the net profit and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. The analysis reflects the losses made in the last 3 years and is matched by a reduced share price and no dividends being paid. This performance has been attributed to the difficult trading conditions in Europe and the continued investment in overseas opportunities in which delays have been encountered in reaching contract finalisation and tightening margins across the business. There have been no increases in the compensation arrangements for directors and key management personnel during the 2015, 2016 and 2017 financial years and performance bonuses reflect the results of the Company. The board believes the remuneration policy is effective and can be linked to current years result.

	2013	2014	2015	2016	2017
Net profit/(loss)	\$0.3m	\$2.2m	(\$5.1m)	(\$3.9m)	(\$1.5m)
Share price at year end	\$0.37	\$0.67	\$0.52	\$0.26	\$0.16
Dividends paid	0.0c	4.5c	0.0c	0.0c	0.0c

During the year, no shares were purchased as part of the share buyback. The share price during the year ranged from a low of \$0.11 to a high of \$0.28.

Remuneration of Non-executive Directors

Non-executive Directors are entitled to a fixed fee per annum for acting as a Director of CPT Global. No additional fees are paid for membership of an active committee.

Under CPT Global's Constitution, Non-executive Director's fees cannot exceed the aggregate cap approved by shareholders by an ordinary resolution. The current cap is \$200,000 and was adopted at the 2006 AGM. The aggregate fees paid to Non-Executive directors in the 2017 financial year do not exceed the cap.

There has been no change to the fees paid to individual Non-executive Directors during or subsequent to the 2017 financial year.

Remuneration of Senior Executives

Both executive directors and the executives specified in this remuneration report, have their employment conditions formalised in contracts of employment. With the exception of Alan Mackenzie, who was considered a contractor, all executive directors and specified executives are permanent employees of CPT Global Limited. The employment contracts are generally for a fixed term of 1 to 2 years and contain the following common features:

- an annual review of the Base Salary which is dependent upon CPT Global's performance, the individual's performance and market changes. Any increase has to be approved by the Managing Director and the Remuneration and Nomination Committee;
- short term performance incentive payments quarterly, dependent upon CPT Global achieving its objectives and the individual achieving their KPIs;
- at CPT Global's discretion, allowances and adjustments to Base Salary may be paid when an Executive is required to travel on CPT Global business. Any adjustments must be agreed in advance, documented in writing and signed by the Executive and the Company;
- post-employment restraints covering non-solicitation of employees, contractors and clients and non-competition;

Directors' Report

- CPT Global may at its discretion elect to make payment in lieu of notice when the contract is terminated by the employee or the Company;
- a contract can be terminated immediately without notice by CPT Global for serious misconduct; and
- any options not vested as at the date of termination will lapse.

Specific details of each Senior Executive's contract of employment which applied at the end of the financial year ending 30 June 2017 are summarised in the tables on the following pages.

Summary of Contracts of Employment Applicable at 30 June 2017

Current Position	Gerry Tuddenham Managing Director	David Lynch CEO Australia & Asia Managing Director (Acting)	Grant Sincock Chief Financial Officer & Company Secretary
Fixed Remuneration			
Base Salary	\$365,923	\$400,000	\$265,000
Superannuation	\$25,000	\$35,000	\$25,000
Non-monetary benefits	Mobile telephone, car park, road tolls, petrol and salary sacrifice arrangements for motor vehicle and superannuation.	Mobile telephone, car park and salary sacrifice arrangements for motor vehicle and superannuation.	Mobile telephone, car park, road tolls and salary sacrifice arrangements for motor vehicle and superannuation.
Performance Based Remuneration			
Annual target bonus	Nil	\$50,000	\$30,000
Other benefits			
	Nil	Nil	Nil
Post-employment benefits	Nil	Nil	Nil
Post-employment restraint	6 months	6 months	6 months
Termination	4 weeks notice	4 weeks notice	4 weeks notice
Termination benefits	Nil	Nil	Nil

Directors' Report

Summary of Contracts of Employment Applicable at 30 June 2017 (cont.)

	Kevin Akom	Luke Tuddenham
Current Position	General Manager - Strategic Client Relationships	Vice President North America
Fixed Remuneration		
Base Salary	\$275,000	US\$190,000
Superannuation	\$25,000	US\$18,050
Non-monetary benefits	Mobile telephone, car park, road tolls and salary sacrifice arrangements for motor vehicle and superannuation.	Mobile telephone, car park, road tolls and salary sacrifice arrangements for motor vehicle and superannuation. Mr Tuddenham is also entitled to additional expatriate benefits for himself and his family.
Performance Based Remuneration		
Annual target bonus	\$30,000	US\$100,000
Other benefits	Nil	Nil
Post-employment benefits	Nil	Nil
Post-employment restraint	6 months	6 months
Termination	4 weeks notice	4 weeks notice
Termination benefits	Nil	Nil

Directors' Report

Details of remuneration for the year ended 30 June 2017

Details of the nature and amount of each element of the remuneration of each director of the company and executive officers of the company and the group receiving the highest remuneration for the financial year are as follows:

Benefits and payments	Short-Term			Post Emp't	Long-Term		Total	Perform-ance related
	Salary	Bonus	Other	Super	Long Service Leave	Share Based		
	\$	\$	\$	\$	\$	\$	\$	\$
Directors								
Alan Baxter								
▪ 2017	50,459	-	-	4,707	-	89	55,255	0.2%
▪ 2016	50,459	-	-	4,707	-	-	55,166	0.0%
Fred Grimwade								
▪ 2017	77,982	-	-	7,408	-	89	85,479	0.1%
▪ 2016	77,982	-	-	7,408	-	-	85,390	0.0%
Gerry Tuddenham								
▪ 2017	398,241	-	10,370	25,000	9,068	4,233	446,911	1.0%
▪ 2016	400,580	-	11,739	36,506	1,455	5,274	455,554	1.2%
David Lynch								
▪ 2017	409,532	-	9,633	27,468	2,552	-	449,186	0.0%
Total Remuneration								
▪ 2017	936,214	-	20,003	64,583	11,620	4,411	1,036,831	0.4%
▪ 2016	529,021	-	11,739	48,721	1,455	5,274	596,210	0.9%
Executive Officers								
Alan Mackenzie								
▪ 2016	298,724	-	81,499	-	-	-	380,223	-
Kevin Akom								
▪ 2017	275,229	-	9,064	24,771	120	-	309,184	0.0%
▪ 2016	285,640	10,000	8,461	26,147	20,783	-	351,030	2.9%
Grant Sincock								
▪ 2017	264,854	-	9,885	26,882	3,469	-	305,090	0.0%
▪ 2016	264,840	20,000	49,345	25,159	231	-	359,575	5.6%
David Lynch								
▪ 2016	100,592	12,500	52,133	6,923	82	-	172,230	7.3%
Luke Tuddenham								
▪ 2017	283,934	26,853	319,176	27,065	4,241	-	661,268	4.1%
▪ 2016	291,634	84,813	332,695	25,906	15,146	-	750,194	11.3%
Total Remuneration								
▪ 2017	824,017	26,853	338,125	78,718	7,830	-	1,275,542	2.1%
▪ 2016	1,241,429	127,313	524,132	84,135	36,242	-	2,013,252	6.3%

Directors' Report

Details of remuneration for the year ended 30 June 2017 (cont.)

Notes

1. The elements of remuneration have been determined on the basis of the cost to the group.
2. Other Benefits for Mr Luke Tuddenham include expatriate costs.
3. CPT Global is in dispute with a company associated with Mr Mackenzie over fees charged to CPT Global for the services of Mr Mackenzie. CPT Global believes an amount of \$174,390 (excluding VAT) is owed to CPT Global. The amounts in the above table have not been adjusted for any potential settlement of CPT Global's claim as the timing and extent of any receipt by CPT Global is uncertain.
4. During FY17 Mr David Lynch was appointed to the Board of CPT Global Limited, therefore his FY17 remuneration is disclosed as a director and his FY16 remuneration is disclosed as an executive officer.

Performance income as a proportion of total remuneration

Executive directors and executives are paid performance related bonuses based on set monetary figures, rather than proportions of salary since these payments are discretionary. This has led to the proportions of remuneration related to performance varying between individuals.

Performance Rights granted as remuneration

Terms and Conditions for Each Grant

	Vested No.	Granted No.	Grant Date	Value per Share at Grant Date \$	Exercise Price \$	Last Exercise Date
Gerry Tuddenham	-	200,000	29/11/16	\$0.22	\$0.00	29/11/19
Alan Baxter	-	50,000	29/11/16	\$0.22	\$0.00	29/11/19
Fred Grimwade	-	50,000	29/11/16	\$0.22	\$0.00	29/11/19
Total	-	<u>300,000</u>				

Further details on the service and performance criteria attached to these rights can be found in note 22.

	Balance at beginning of Period	Granted as Remuneration	Rights Exercised	Rights Lapsed /Cancelled	Balance at End of Period	Exercisable at End of Period	Vested and Unexercised at End of Period
Gerry Tuddenham	300,000	200,000	-	300,000	200,000	-	-
Alan Baxter	75,000	50,000	-	75,000	50,000	-	-
Fred Grimwade	75,000	50,000	-	75,000	50,000	-	-
Total	<u>450,000</u>	<u>300,000</u>	-	<u>450,000</u>	<u>300,000</u>	-	-

Directors' Report

Shareholdings of Key Management Personnel

Shares held by key management personnel directly, indirectly or beneficially including their related parties:

Shares held in CPT Global Limited	Balance 1 July 2016 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2017 Ord
Fred S Grimwade	718,200	-	-	-	718,200
Alan Baxter	-	-	-	-	-
Gerry Tuddenham	11,338,970	-	-	-	11,388,970
David Lynch	363,110	-	-	54,348	417,458
Specified Executives					
Kevin Akom	565,013	-	-	-	565,013
Grant Sincock	185,671	-	-	-	185,671
Luke Tuddenham	842,955	-	-	-	842,955
Total	14,063,919	-	-	54,348	14,118,268

Shares held in CPT Global Limited	Balance 1 July 2015 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2016 Ord
Fred S Grimwade	718,200	-	-	-	718,200
Alan Baxter	-	-	-	-	-
Gerry Tuddenham	11,038,971	-	-	349,999	11,388,970
Specified Executives					
Kevin Akom	565,013	-	-	-	565,013
David Lynch	-	232,089	-	131,021	363,110
Grant Sincock	-	185,671	-	-	185,671
Luke Tuddenham	292,955	-	-	550,000	842,955
Total	12,615,139	417,760	-	1,031,020	14,063,919

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Finance and Audit Committee Meetings		Remuneration and Nomination Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Alan Baxter	10	10	2	2	1	1
Fred S Grimwade	10	10	2	2	1	1
Gerry Tuddenham	10	10	2	2	-	-
David Lynch	7	6	-	-	-	-

Directors' Report

Committee membership

As at the date of this report, the company had a Finance and Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Finance and Audit

Fred Grimwade (Chair)

Alan Baxter

Gerry Tuddenham

Remuneration and Nomination

Alan Baxter (Chair)

Fred Grimwade

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Finance and Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Finance and Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional & Ethical Standards Board.

The following fees for non-audit services were paid/payable to ShineWing Melbourne during the year ended 30 June 2017:

- Taxation compliance and advice services \$27,415

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 31 of the directors' report.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



Fred Grimwade

Chairman

Melbourne, 28 September 2017

**Auditor's Independence Declaration under Section 307C of the Corporations Act
2001 to the directors of CPT Global Limited & Controlled Entities**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood

Hayley Underwood
Partner

Melbourne, 28 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2017	Notes	Restated	
		2017 \$'000	2016 \$'000
Revenue	3	27,159	28,750
Other income	3	70	326
Salaries and employee benefits expense		(3,308)	(3,178)
Consultants benefits expense		(21,066)	(22,419)
Depreciation and amortisation expenses	4	(66)	(63)
Insurance expense		(274)	(268)
Finance costs	4	(244)	(348)
Occupancy expenses		(971)	(998)
Other expenses		(2,433)	(3,921)
Foreign currency (losses) gains		(194)	(173)
Goodwill Impairment		-	(630)
LOSS BEFORE INCOME TAX	4	(1,327)	(2,922)
INCOME TAX EXPENSE	5	(141)	(987)
LOSS AFTER INCOME TAX		(1,468)	(3,909)
Other Comprehensive Income:			
Items that have been reclassified to profit or loss:			
Exchange differences on translating foreign controlled entities		184	317
Total Other Comprehensive Income for the year, net of tax		184	317
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,284)	(3,587)
NET LOSS ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		(1,468)	(3,909)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		(1,284)	(3,587)
Basic earnings per share (cents per share)	25	(3.93)	(10.51)
Diluted earnings per share (cents per share)	25	(3.93)	(10.43)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements. Further details on the restatement of 2016 are disclosed in Note 1(z) on page 47.

Consolidated Statement of Financial Position

AT 30 JUNE 2017	Notes	2017 \$'000	Restated 2016 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	1,656	3,034
Trade and other receivables	8	5,571	4,815
Unbilled revenue	9	792	1,925
Current tax asset	16	-	18
Other current assets	10	103	214
TOTAL CURRENT ASSETS		8,122	10,006
NON-CURRENT ASSETS			
Deferred tax assets	16	1,067	1,400
Property, plant and equipment	12	43	63
Intangible assets	13	4,348	4,394
TOTAL NON-CURRENT ASSETS		5,458	5,857
TOTAL ASSETS		13,580	15,863
CURRENT LIABILITIES			
Trade and other payables	14	6,007	7,666
Borrowings	15	1,640	905
Current tax liabilities	16	2	-
Provisions	17	982	908
TOTAL CURRENT LIABILITIES		8,631	9,479
NON-CURRENT LIABILITIES			
Deferred tax liability	16	233	437
Other long term provisions	17	91	71
TOTAL NON-CURRENT LIABILITIES		324	508
TOTAL LIABILITIES		8,955	9,987
NET ASSETS		4,625	5,876
EQUITY			
Issued capital	18	12,228	12,195
Reserves	19	1,439	1,254
Retained earnings		(9,042)	(7,573)
TOTAL EQUITY		4,625	5,876

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements. Further details on the restatement of 2016 are disclosed in Note 1(z) on page 47.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2017

		\$'000	\$'000	\$'000	\$'000	\$'000
	Notes	Issued capital Ordinary	Retained Earnings	Equity Reserve	Foreign Currency Translation Reserve	Total
Balance at 1 July 2015		12,105	(3,665)	1,705	(753)	9,392
Comprehensive income						
Loss for the year		-	(3,909)	-	-	(3,909)
Other comprehensive loss	19	-	-	-	317	317
Total comprehensive income/(loss) for the year		-	(3,909)	-	317	(3,592)
Transactions with owners, in their capacity as owners						
Share based payments		-	-	(14)	-	(14)
Issue of Shares		90	-	-	-	90
Total transactions with owners, in their capacity as owners		90	-	(14)	-	76
Restated Balance as at 30 June 2016		12,195	(7,574)	1,691	(436)	5,876
Balance at 1 July 2016		12,195	(7,574)	1,691	(436)	5,876
Comprehensive income						
Loss for the year		-	(1,468)	-	-	(1,468)
Other comprehensive loss	19	-	-	-	184	184
Total comprehensive income/(loss) for the year		-	(1,468)	-	184	(1,284)
Transactions with owners, in their capacity as owners						
Issue of Shares		33	-	-	-	33
Total transactions with owners, in their capacity as owners		33	-	-	-	33
Balance as at 30 June 2017		12,228	(9,042)	1,691	(252)	4,625

Further details on the restatement of 2016 are disclosed in Note 1(z) on page 47.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2017	Notes	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,851	32,270
Payments to suppliers and employees		(31,039)	(29,834)
Interest received		5	6
Finance costs paid		(166)	(345)
Income tax paid		9	(125)
NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES	20	(2,340)	1,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2)	(61)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2)	(61)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of shares		-	-
Repayments of borrowings		-	(1,025)
Proceeds from borrowings		735	1,059
Payment of dividends on ordinary shares		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		735	34
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS HELD		(1,607)	1,945
Add opening cash & cash equivalents brought forward		3,034	458
Effects of exchange rate changes on cash and cash equivalents		229	631
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	7	1,656	3,034

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of CPT Global Limited and its controlled entities (collectively referred to as 'the Group' or 'the Economic Entity'). The separate financial statements of the Parent Entity, CPT Global Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The principal activities of the group during the financial year were the provision of specialist IT consultancy services. The registered address and principal place of business is level 1, 4 Riverside Quay, Southbank, Victoria.

The financial report was authorised for issue on 28 September 2017 by the Board of Directors.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are in Australian dollars unless otherwise stated.

The Group has not adopted any new or amending Australian Accounting Standards and New Interpretations during the year.

Accounting Policies

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (CPT Global Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 11.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The financial statements of the subsidiaries used in the preparation of these consolidated financial statements have been prepared as of the same reporting date as the parent.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income Tax

The income tax expense/(revenue) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Unbilled Revenue

Unbilled revenue is valued at cost plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Profits are recognised on the stage of completion basis measured using the proportion of costs incurred to date as compared to expected total costs. Where losses are anticipated they are provided for in full.

Revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and, where applicable impairment losses.

Property, Plant and equipment

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. When there are indications of any impairment, the recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2 - 5 years
Fixtures Fittings and Equipment	33% to 50%
Motor Vehicles	12% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit and loss.

(e) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Financial Instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company 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 plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment of Financial Instruments

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. In the case of loans and receivables, impairment is recognised when collectability is doubtful (refer to (g) for further details). Impairment losses are recognised in the profit and loss.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments (continued)

recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Receivables

Trade receivables are a part of financial instruments (loans and receivables) and are initially recognised at fair value and are subsequently measured at amortised cost less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group 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 are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the recoverable amount.

The amount of the impairment loss is recognised in the profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the profit or loss.

(h) Impairment of assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the profit and loss.

Impairment testing is performed annually for goodwill and other intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversals of the impairment at the end of each reporting period.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intellectual Property

Intellectual property is recognised at the cost of acquisition and has an indefinite useful life. Intellectual property is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer Software

Computer software is recognised at the cost of acquisition. Computer software costs have a finite useful life and are carried at cost less accumulated amortisation and any impairment losses. Computer software costs are amortised on a straight line basis over their useful life. The amortisation rate used for software costs varies from 14% to 50%.

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the underlying gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period;
- and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from translation of transactions considered to be net investment in foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other payables

Trade and other payables are a part of financial instruments (Non-derivative financial liabilities). These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows.

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. When measuring sick leave entitlement, only the unutilised entitlement that is likely to be utilised over and above the leave entitlement that continues to accrue in the future periods is taken into account.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Retirement benefit obligations*

Contributions to defined contributions superannuation funds are recognised as an expense as they become payable.

(iv) *Share based payments*

Share-based compensation benefits are provided to certain employees via the CPT Share and Option Incentive Plan and an employee share scheme. Information relating to these schemes is set out in note 22.

The fair value of options granted under the CPT Share and Option Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity in the period the options are granted. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Monte Carlo and American Binomial 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.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At the end of each reporting period, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in the profit and loss with a corresponding adjustment to equity.

(m) 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. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the end of the reporting period.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Significant risk and rewards of ownership of goods has passed to the buyer.

Rendering of Services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest

Interest revenue is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

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

(q) Borrowing Costs

All borrowing costs are expensed in the period in which they are incurred.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Consumption Taxes (GST and VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the taxation authority. In these circumstances the GST and VAT 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 and VAT.

Cash flows are presented in the statement of cash flows inclusive of GST and VAT.

(t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(u) Comparative Figures

When required by accounting standards, comparative figures have been restated to conform to changes in presentation for the current financial year.

(v) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1,000, or in certain cases the nearest dollar.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Critical Accounting Estimates & Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment of Goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

Refer to Note 13 for details of the assumptions used in this calculation and the potential impact of changes to the assumptions.

Key judgements

(i) *Provision for impairment of receivables*

The Group assesses the recoverability of each individual trade receivable account to determine whether a provision for impairment is required for any potentially non recoverable amounts. Management has considered that each trade receivable amount recorded is fully recoverable, hence no provision for impairment has been made in respect of trade receivables.

(ii) *Unbilled revenue*

The Group measures unbilled revenue based on information available at the time of recognition. This information includes historical trends, data analysis, significant judgments from key management personnel as to the reasonable expectations of future events and completion of projects in progress. Management has considered certain old amounts as fully recoverable and therefore no provision for impairment was made. See Note 9 for further details.

(iii) *Deferred taxes*

In assessing whether future taxable amounts will be available to utilise temporary differences and losses, management review the past performance of the relevant company, the budgets for the forthcoming financial year, forecasts and sales pipelines.

(x) New Accounting Standards for Application in Future Period

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are detailed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on a preliminary assessment, the standard is not expected to have a material impact on the balances and transactions of the Group on initial adoption.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New Accounting Standards for Application in Future Period (continued)

AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 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 the goods or services. To achieve this objective, AASB 15 provides the following five-step model:

- " identify the contract(s) with a customer;
- " identify the performance obligations in the contract(s);
- " determine the transaction price;
- " allocate the transaction price to the performance obligations in the contract; and
- " recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues.

This Standard will require retrospective restatement and is available for early adoption.

The Group is yet to undertake a detailed assessment of the impact of AASB 15. Based on a preliminary assessment, the standard is expected to have an impact on the recognition of revenue and unbilled revenue for some risk/reward contracts where the performance obligations are only met when cost savings for the client are quantified and verified. The standard is not expected to have a material impact on the balances and transactions of the Group on initial adoption as the performance obligations on risk/reward contracts at 30 June 2017 had been satisfied.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) New Accounting Standards for Application in Future Period (continued)

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on a preliminary assessment, it is not possible to determine the impact on balances and transactions of the Group on initial adoption as the operating leases that would be impacted by AASB 16 expire before the standard takes effect.

(y) Working capital deficiency

The consolidated financial statements have been prepared on a going concern basis.

For the year ended 30 June 2017, the Group incurred a loss after tax of \$1.468m (2016: \$3.909m). In the same period the Group had operating cash outflows of \$2.304m (2016: inflows of \$1.972m). A cash flow forecast for the next 12 months prepared by management has indicated that the Group will have sufficient cash assets to be able to meet its debts as and when they are due, however, the Group is dependent upon the continued availability of the debtor financing facility in order to maintain positive working capital.

At the date of this report, the directors have no reason to believe that the Group will not be able to settle its liabilities or realise its assets in the ordinary course of business.

(z) Prior period restatement

CPT Global Inc., a 100% subsidiary of CPT Global Limited registered in the USA, applied to the Internal Revenue Service in the United States of America to change from a cash to an accrual basis of accounting when preparing its tax returns. This was a voluntary change and gave rise to an Internal Revenue Code section 481(a) adjustment. In preparing the 30 June 2016 financial report, the recognition of the section 481(a) adjustment was assumed to occur when Form 3115 was lodged with the Internal Revenue Service with the 30 June 2016 tax return. However, a Form 3115 had in fact been lodged with the Internal Revenue Service in March 2016 in conjunction with the 2015 tax return.

The lodgment of Form 3115 in March 2016 should have resulted in CPT Global Inc recognising a reduction in the deferred tax asset net of section 481 adjustments applied to the 2015 and 2016 tax returns. At 30 June 2016, the deferred tax asset should have been \$231k lower than reported with the corresponding impact on tax expense and foreign exchange gains.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

2. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2017	2016
	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	581	5,533
Non-Current Assets	5,114	4,467
Total Assets	5,695	10,000
LIABILITIES		
Current Liabilities	-	1,810
Non-Current Liabilities	342	315
Total Liabilities	342	2,125
EQUITY		
Issued Capital	12,227	12,195
Reserves	1,608	1,608
Accumulated losses	(8,482)	(5,928)
Total Equity	5,353	7,875

	2017	2016
	\$'000	\$'000
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(3,184)	(3,717)
Total comprehensive loss	(3,184)	(3,717)

Guarantees

CPT Global Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries. Refer to Note 23 for details of bank guarantees in relation to leased offices.

3. REVENUE

	2017	2016
	\$'000	\$'000
REVENUE		
Services Revenue	27,159	28,750
Total Revenue	27,159	28,750
OTHER INCOME		
Rent Income	50	45
Interest Income	5	6
Other Income	15	275
Total Other Income	70	326

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

4. LOSS FOR THE YEAR

	Note	2017	2016
		\$'000	\$'000
Profit or loss for the year also includes the following specific expense items.			
Finance costs:			
Interest expense on borrowings		244	348
Total finance costs		<u>244</u>	<u>348</u>
Foreign currency translation losses (gains)		194	173
Occupancy expenses		971	998
Depreciation and amortisation of non-current assets		66	63
Defined superannuation contribution expense - Others		213	237
Defined superannuation contribution expense - KMP		153	115

5. INCOME TAX (BENEFIT) / EXPENSE

	2017	2016
	\$'000	\$'000
Tax expense comprises:		
Current tax	(43)	373
Deferred tax	(123)	118
Under/(over) provision of previous year	307	496
	<u>141</u>	<u>987</u>

The prima facie tax on losses before income tax is reconciled to the income tax as follows:

Prima facie tax on losses before income tax at 30% (2016: 30%)

	(398)	(877)
Tax effect of		
▪ Goodwill impairment	-	189
▪ Foreign exchange differences arising on consolidation	9	17
▪ Tax on overseas income at a different rate	22	10
▪ Other non-allowable items	(11)	43
▪ Utilisation of prior year tax losses	-	22
▪ Current year tax losses not brought to account	135	661
▪ Unrealised foreign currency exchange profit	78	93
▪ Under / (over) provision of previous year	306	247
▪ Derecognition of Deferred Tax Asset relating to losses	-	582
Income tax (benefit) / expense attributable to the entity	<u>141</u>	<u>987</u>

The applicable weighted average effective tax rates are as follows: 11% 34%

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2017	2016
	\$'000	\$'000
(a) Dividends paid during the year		
• <i>Current year interim</i>		
Franked dividends (0.0c per share) (2016: 0.0c per share)	-	-
• <i>Prior year final</i>		
Franked dividends (0.0c per share) (2016: 0.0c per share)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
(b) Dividends proposed and not recognised as a liability		
• Franked dividends (0.0c per share) (2016: 0.0c per share)	-	-
	<u>-</u>	<u>-</u>
(c) Franking credit balance		
Balance of franking account at year end adjusted for franking credits arising from:		
• Franking debits arising from payment of proposed dividends	2,427	2,478
	<u>2,427</u>	<u>2,478</u>

7. CASH AND CASH EQUIVALENTS

	2017	2016
	\$'000	\$'000
Cash at bank	<u>1,656</u>	<u>3,034</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>1,656</u>	<u>3,034</u>
	<u>1,656</u>	<u>3,034</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

8. TRADE AND OTHER RECEIVABLES

	Notes	2017 \$'000	2016 \$'000
CURRENT			
Trade receivables	8(a)	5,569	4,797
		<u>5,569</u>	<u>4,797</u>
Other receivables		2	18
		<u>5,571</u>	<u>4,815</u>

- (a) Trade receivables are non-interest bearing and generally on 30 day terms. The average credit period on rendering of services is 72 days (2016: 59 days). Management has objective evidence that no receivable amounts arising from the past sale of goods and rendering of services in the current year are impaired and therefore no provision for impairment has been recognised (2016: \$nil).

Before accepting new customers, the Group assesses the creditworthiness of the potential client using information provided by independent rating agencies, publicly available information and its own trading record. The Group's client portfolio consists of leading blue chip companies, Fortune Global 500 companies and Government departments within Australia. The profile of the trade receivable balance as at the reporting date is as follows:

Of the trade receivable balance at the end of the reporting period, \$1,522,229 (2016: \$926,370) and \$227,188 (2016: \$140,340) are due from two leading banking institutions in Australia. There is also \$223,571 (2016: \$666,200) due from a large Australian telecommunications company, \$nil (2016: \$44,330) from a leading property and infrastructure company in Australia, \$1,447,122 (2016: \$696,954) from an Australian government department, \$260,896 (2016: \$456,829) from a large Canadian telecommunications company, \$334,148 (2016: \$458,551) from another large financial organisation in North America, \$334,746 (2016: \$nil) from a large healthcare provider in North America.

There are no other customers who represent more than 5% of the total balance of trade receivables. Of the trade receivables balance at the end of the reporting period, a concentration of \$4,068,870 (75%) (2016: \$3,516,917) (74%) relates to Australia. The remaining amounts are not individually significant.

Trade receivables that are past due but not impaired

Included in the trade receivable balance are debtors with a carrying amount of \$130,240 (2016: \$461,151) in the group which are past due at the end of the reporting period but have not been provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. Of the overdue balance, \$111,702 (2016: \$421,055) relates to clients with whom the Group has traded with for more than one year with no history of delinquency. The nature of the clients, namely a mix of large financial institutions, telecommunications companies and government give further confidence that these past due balances are not impaired. The Group does not hold any collateral over these balances. The ageing analysis of trade receivables is:

	2017 \$'000	2016 \$'000
1-3 months	130	461
Within initial trade terms	5,439	4,336
	<u>5,569</u>	<u>4,797</u>

The carrying value of trade and other receivables approximates its fair value. Trade and other receivables are recoverable within 12 months, hence the effects of discounting is immaterial.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

9. UNBILLED REVENUE (CURRENT)

	2017	2016
	\$'000	\$'000
Unbilled revenue	792	2,238
Provision for impairment	-	(313)
Total	<u>792</u>	<u>1,925</u>

Unbilled revenue represents amounts relating to revenue recognised in accordance with the accounting policies detailed in Note 1(c) that had not been invoiced to the customer as at the end of the reporting period. Included in the Group's unbilled revenue balance is \$nil (2016: \$312,580) relating to revenue that was recognised more than 12 months prior to the end of the reporting period.

10. OTHER CURRENT ASSETS

	2017	2016
	\$'000	\$'000
Prepayments	103	129
Other current assets	-	85
	<u>103</u>	<u>214</u>

11. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest held by the economic entity*	
		2017	2016
		%	%
CPT Global Ltd	United Kingdom	100	100
CPT Global GmbH	Germany	100	100
CPT Global Inc	USA	100	100
CPT Global Consulting Corp	Canada	100	100
CPT Global France	France	100	100
CPT Global Australia Pty Ltd	Australia	100	100
CPT Global International Pty Ltd	Australia	100	100
CPT Global Pte Ltd	Singapore	100	100
CPT Global SRL	Italy	100	100
CPT Consultoria Global Em Informatica Ltda	Brazil	100	100

There are no known restrictions on the transfer of cash or assets within the group.

* The percentage of voting power is proportional to ownership.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT

	Notes	
	2017	2016
	\$'000	\$'000
<i>Motor vehicles</i>		
At cost	108	116
Accumulated depreciation	(75)	(70)
	<u>33</u>	<u>46</u>
<i>Office equipment</i>		
At cost	254	253
Accumulated depreciation	(244)	(236)
	<u>10</u>	<u>17</u>
<i>Furniture, fixtures and fittings</i>		
At cost	64	64
Accumulated depreciation	(64)	(64)
	<u>-</u>	<u>-</u>
<i>Improvements</i>		
At cost	39	39
Accumulated depreciation	(39)	(39)
	<u>-</u>	<u>-</u>
<i>Leased plant and equipment</i>		
At cost	18	18
Accumulated depreciation	(18)	(18)
	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>43</u>	<u>63</u>

	2017	2016
	\$'000	\$'000
(a) Reconciliations		
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.		
<i>Motor vehicles</i>		
Cost at beginning of year	116	74
Purchases	-	44
Movements in exchange rate	(8)	(2)
Cost at end of year	<u>108</u>	<u>116</u>
Accumulated depreciation at beginning of year	(70)	(74)
Depreciation and effects of movements in exchange rate	(5)	4
Accumulated depreciation at end of year	<u>(75)</u>	<u>(70)</u>
Carrying amount	<u>33</u>	<u>46</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	2017	2016
	\$'000	\$'000
<i>Office Equipment</i>		
Cost at beginning of year	253	237
Effects of movements in exchange rate	1	16
Cost at end of year	<u>254</u>	<u>253</u>
Accumulated depreciation at beginning of year	(236)	(219)
Effects of movements in exchange rate	(8)	(17)
Accumulated depreciation at end of year	<u>(244)</u>	<u>(236)</u>
Carrying value	<u>10</u>	<u>17</u>
 <i>Furniture, fixtures and fittings</i>		
Cost at beginning of year	64	65
Effects of movements in exchange rate	-	(1)
Cost at end of year	<u>64</u>	<u>64</u>
Accumulated depreciation at beginning of year	(64)	(65)
Depreciation	-	1
Accumulated depreciation at end of year	<u>(64)</u>	<u>(64)</u>
Carrying amount	<u>-</u>	<u>-</u>
 <i>Improvements</i>		
Cost at beginning of year	39	39
Cost at end of year	<u>39</u>	<u>39</u>
Accumulated depreciation at beginning of year	(39)	(39)
Cost at end of year	<u>(39)</u>	<u>(39)</u>
Carrying amount	<u>-</u>	<u>-</u>
 <i>Leased plant and equipment</i>		
Cost at beginning of year	18	18
Cost at end of year	<u>18</u>	<u>18</u>
Accumulated depreciation at beginning of year	(18)	(18)
Accumulated depreciation at end of year	<u>(18)</u>	<u>(18)</u>
Carrying amount	<u>-</u>	<u>-</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

13. INTANGIBLE ASSETS

	2017	2016
	\$'000	\$'000
Goodwill at cost	9,659	9,659
Accumulated impairment losses	(5,502)	(5,502)
Total goodwill	<u>4,157</u>	<u>4,157</u>
Intellectual Property at cost	75	75
Software at cost	818	818
Accumulated amortisation	(702)	(656)
Total software	<u>116</u>	<u>162</u>
Total intangible assets	<u><u>4,348</u></u>	<u><u>4,394</u></u>

	Goodwill	Intellectual Property	Software
	\$'000	\$'000	\$'000
Year ended 30 June 2016			
Balance at the beginning of the year	4,786	75	208
Impairment charge	(629)	-	-
Amortisation charge	-	-	(47)
	<u>4,157</u>	<u>75</u>	<u>162</u>

Year ended 30 June 2017

Balance at the beginning of the year	4,157	75	162
Impairment charge	-	-	-
Amortisation charge	-	-	(46)
	<u>4,157</u>	<u>75</u>	<u>116</u>

2016 Impairment

The impairment charge of \$629k is against the goodwill allocated to the European cash generating unit. The key driver of the impairment of goodwill was the losses in the 2015 and 2016 financial years and the uncertainty around the revenue forecast. There was significant uncertainty in Europe after the combined impact of terrorist attacks, Brexit and issues in the Italian banking sector.

Intangible assets other than goodwill and intellectual property have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill and intellectual property have indefinite useful lives. These have been assessed as having indefinite useful lives because these intangible assets arose on the acquisition of businesses purchased as going concerns. These businesses continue to be operated within the CPT Global Group and there are no plans to cease any part of these operations.

Goodwill is allocated to cash-generating units, based on the Group's reporting segment.

	2017	2016
	\$'000	\$'000
Australian Segment	<u>4,157</u>	<u>4,157</u>
	<u>4,157</u>	<u>4,157</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

13. INTANGIBLE ASSETS (continued)

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of the projected cash flows from that cash-generating unit over 5 years; periods beyond 5 years have been extrapolated using the terminal value growth rate of 4.0% (2016: 7.5%).

Key Assumptions

The following key assumptions were used in determining the recoverable amount of goodwill:

	Discount rate		Gross Margin		Sales Growth	
	2017	2016	2017	2016	2017	2016
Australian Segment	20.0%	16.0%	25.7%	25.2%	9.1%	9.7%

Corporate costs of \$2.3m were allocated to the CGU (2016: \$2.6m)

Management has based the value-in-use calculations on budgets and estimates for the CGU. The value-in-use is most sensitive to the following assumptions:

- Discount rate;
- Gross profit margins;
- Sales growth rates;
- Terminal growth rates; and
- Corporate costs.

Discount rate - the discount rate is a pre-tax rate and reflects the risks associated with a particular segment.

Gross profit margins - values assigned reflect past experience, margins on existing contracts and analysis of the market conditions.

Sales growth rates - reflects management's expectations of revenue growth in the context of the Group's Australian market strategy.

Terminal growth rates - reflect the managements expectation of revenue and profit growth in the periods beyond the 5 year forecast and are based on expected growth during the forecast period, long term historical growth, operating leverage and level of fixed and variable costs.

Corporate costs - corporate costs are allocated to the CGU based upon the CGU's proportional contribution to the revenue of the Group.

14. TRADE AND OTHER PAYABLES

	2017	2016
	\$'000	\$'000
CURRENT		
Trade payables	3,642	4,515
Sundry payables and accrued expenses	1,690	2,466
Annual leave provision	667	667
Unearned revenue	8	18
	6,007	7,666

Due to the short-term nature of these payables, their carrying value is assumed to approximate to their fair value. There are no financial guarantees in place.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

15. BORROWINGS

	Note	2017 \$'000	2016 \$'000
CURRENT			
Secured borrowings	15(a)	1,640	905
Total borrowings		<u>1,640</u>	<u>905</u>
Unutilised financing facilities			
Credit facility		5,000	5,000
Amount secured utilised	15(a)	(1,640)	(905)
		<u>3,360</u>	<u>4,095</u>

(a) The parent entity has a debtors financing facility in place. The facility is secured by a first registered company charge (mortgage debenture) over the carrying value of the total assets of the parent entity, which totalled \$5,485,200 at the end of the reporting period. Interest is charged at a 5.5% margin above the 90 day Bank Bill Swap Rate. The maximum facility is \$5m.

16. TAX

	Notes	2017 \$'000	2016 \$'000
LIABILITIES			
Current			
Current tax liability		<u>2</u>	-
Non Current			
Deferred tax liabilities comprise:			
Unrealised foreign exchange gain		<u>233</u>	<u>437</u>
Reconciliation of deferred tax liabilities			
Opening balance		437	429
(Debited)/Credited to the statement of comprehensive Income		6	8
Credited statement of comprehensive Income as current tax		(210)	-
Closing balance		<u>233</u>	<u>437</u>
ASSETS			
Current			
Current tax asset		-	<u>18</u>
Non Current			
Deferred tax assets comprise:			
Provisions, accrued employee entitlements and benefits and accruals		719	633
Future income tax benefits attributable to tax losses		348	767
		<u>1,067</u>	<u>1,400</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

16. TAX (continued)

		2017	2016
		\$'000	\$'000
Reconciliation of deferred tax assets			
Opening balance		1,400	1,741
(Debited)/Credited to the statement of comprehensive income	5	(333)	(341)
Closing balance		<u>1,067</u>	<u>1,400</u>

The future income tax benefit of the deferred tax assets will only be realised if the conditions of deductibility set out in Note 1(b) occur. Deferred tax assets not brought to account for which the benefits will only be realised if the conditions for deductibility set out in Note 1(b) occur amount to \$944,811 (2016: \$878,331). CPT Global's tax losses that have not been brought to account are generally not subject to restrictions except for the tax losses in US and Canada which are available for up to seven years from the year the tax loss occurred. Of the losses not brought to account 100% relate to the UK.

17. PROVISIONS

		2017	2016
		\$'000	\$'000
Current			
Employee benefits - Long Service Leave		982	908
Total Current Provisions		<u>982</u>	<u>908</u>
Non-Current			
Employee benefits - Long Service Leave		91	71
Total Non-Current Provisions		<u>91</u>	<u>71</u>
Total Provision		<u>1,073</u>	<u>979</u>

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave is being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(l) to these financial statements.

Analysis of Total Provisions	Long Service Leave	Total
	\$'000	\$'000
Opening balance at 1 July 2016	979	979
Provided for during the year	159	159
Taken during the year	(65)	(65)
Balance at 30 June 2017	<u>1,073</u>	<u>1,073</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

18. ISSUED CAPITAL

(a) Issued and paid up capital	2017	2016
	\$'000	\$'000
37,318,525 (2016: 37,177,220)		
fully paid ordinary shares	12,228	12,195
	<u>12,228</u>	<u>12,195</u>

(b) Movements in shares on issue	2017		2016	
	Number of shares	\$'000'	Number of shares	\$'000
Beginning of the financial year	37,177,220	12,195	36,759,460	12,105
New shares issued	141,305	33	417,760	90
End of the financial year	<u>37,318,525</u>	<u>12,228</u>	<u>37,177,220</u>	<u>12,195</u>

- (i) 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 is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During the year ended 30th June 2017 no ordinary shares were bought back under the on market buyback (2016: Nil). Ordinary shares have no par value.
- (ii) The on market buyback commenced on the 27th August 2002 with 3,000,000 shares being the maximum to be bought back of which 2,413,905 were outstanding as at 30 June 2017.

(c) Options

- (i) For information relating to the CPT Global Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 22 Share based payments.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to the Note 22 Share Based Payments.

(d) Capital Management

Management controls the capital of the group in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group does not currently have significant debt capital employed in the business as indicated in the following table. Management effectively manages the group's capital by assessing the group's financial risks and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share buy-backs and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains at an appropriate level between 0% and 50%.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

18. ISSUED CAPITAL (Continued)

The gearing ratios for the year ended 30 June 2017 and 30 June 2016 are as follows:

	2017	2016
	\$'000	\$'000
Total borrowings	1,640	905
Less cash and cash equivalents	<u>(1,656)</u>	<u>(3,034)</u>
Net debt	(16)	(2,129)
Total equity	<u>4,625</u>	<u>5,876</u>
Total capital employed	<u>4,625</u>	<u>5,876</u>
Gearing ratio	<u>0%</u>	<u>0%</u>

A bank guarantee provided by the Company's banker in favour of the lessor of the Head Office is cash backed in the amount of \$191,000. The cash is not available for CPT Global to utilise until the bank guarantee is returned to our Banker at the end of the lease. The lease expires in May 2018.

19. RESERVES

(a) Foreign currency translation

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries.

(b) Equity reserve

The equity reserve is a non-distributable reserve used to record share based payment expense.

(c) Analysis of items of other comprehensive income by each class of reserve

	2017	2016
	\$'000	\$'000
Foreign currency translation reserve		
Exchange difference on translating foreign controlled entities	184	317
Movement in foreign currency translation reserve	<u>184</u>	<u>317</u>
Total other comprehensive income for the year	<u>184</u>	<u>317</u>

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

20. CASH FLOW INFORMATION

	2017	2016
	\$'000	\$'000
(a) Reconciliation of the net loss after tax to the net cash flows from operations		
Net loss	(1,468)	(3,673)
Non-Cash Items		
Depreciation and amortisation of non-current assets	66	63
Share based payment	-	76
Goodwill impairment	-	629
Changes in assets and liabilities		
Increase in trade and term receivables	(831)	(402)
(Increase)/decrease in prepayments	(9)	17
Decrease in work in progress	1,134	2,250
Decrease in deferred tax asset	103	340
(Decrease)/Increase in trade payables and accruals	(1,475)	2,389
Increase in income taxes payable	21	507
Increase/(decrease) in deferred tax liabilities	26	(222)
Increase/(decrease) in employee entitlements	93	(3)
Net cash flow from operating activities	<u>(2,340)</u>	<u>1,972</u>

There were no acquisitions or disposals of subsidiaries in the 2017 financial year.

21. EXPENDITURE COMMITMENTS

	2017	2016
	\$'000	\$'000
(a) Lease expenditure commitments		
<i>(i) Operating leases (non-cancellable):</i>		
Minimum lease payments		
- not later than one year	259	349
- later than one year and not later than five years	-	80
	<u>259</u>	<u>429</u>

Note:

The property lease is non-cancellable with a remaining term of 8 months. Rent is payable monthly in advance and the amounts disclosed do not include GST. Contingent rental provisions within the leases require the minimum lease payments to be increased by CPI on the anniversary of the lease agreement. No options exist to renew the leases.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

22. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2017:

Directors Performance Rights	Issue date	Expiry date	Exercise Price	As at 1 July 2016	Granted	Forfeited/ Exercised/ transferred/ expired	As at 30 June 2017
(a)	18/11/13	18/11/16	\$0.50	150,000	-	(150,000)	-
(b)	23/11/15	23/11/18	\$0.00	300,000	-	(300,000)	-
(c)	29/11/16	29/11/19	\$0.00	-	300,000	-	300,000
				450,000	300,000	(450,000)	300,000

(a) On 18 November 2016, this tranche of performance rights expired.

(b) On 29 November 2016, at CPT Global's Annual General Meeting, this tranche of performances were rights were cancelled.

(c) On 29 November 2016, at the Company's Annual General Meeting, 300,000 performance rights were granted to directors to take up ordinary shares at an exercise price of \$0.00 per share. The fair value of these performance rights at the date of grant was \$22,356. The fair value has been calculated using a combination of the Monte Carlo and American Binomial pricing methodologies for tranches using the following inputs:

Weighted average exercise price	\$0.00
Maximum life of right	3 years
Underlying share price	\$0.22
Expected share price volatility	30%
Risk free interest rate	1.7%
Dividend yield	0.0%

Share price volatility has been determined based on the historical volatility of CPT Global's shares. As the exercise price is \$0.00, share price volatility does not have a material impact on the fair value of the performance rights.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

22. SHARE-BASED PAYMENTS (cont.)

The issue of these performance shares in four tranches was contingent upon the following conditions being met:

No of Shares to be Issued	Conditions to be Met
100,000	The highest quoted (buy) price for CPT Global shares reaching or exceeding \$0.50 for 5 consecutive business days during the period 29 November 2016 and 30 June 2017 (both dates inclusive)
50,000	The Company's international revenue (as reported in the Company's 2017 annual report) reaching or exceeding \$22m for the 2017 fiscal year
100,000	The highest quoted (buy) price for CPT Global shares reaching or exceeding \$1.00 for 5 consecutive business days during the period 1 July 2017 and 30 June 2018 (both dates inclusive)
50,000	The Company's international revenue (as reported in the Company's 2018 annual report) reaching or exceeding \$25.5m for the 2018 fiscal year

The performance rights hold no voting or dividend rights, are not transferrable and will lapse in the event of the resignation of a director. At the date of this report, all directors in receipt of the performance options remain employed by CPT.

An amount of \$4,411 pertaining to these entitlements has been included in the statement of comprehensive income for the period.

Information with respect to the number of performance rights granted is as follows:

	2017		2016	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	450,000	0.17	450,000	0.17
Granted	300,000	0.00	300,000	0.00
Forfeited	-	-	-	-
Exercised	-	-	-	-
Cancelled	300,000	0.00	300,000	0.00
Expired	150,000	0.17	-	-
Outstanding at year end	300,000	0.00	450,000	0.17

At 30 June 2017, there were NIL (2016: 150,000) performance rights vested but not exercised.

There are no other options or performance rights granted by CPT Global Limited to any other party. Options do not confer on the holder any right to vote or participate in the dividends of the economic entity and are not transferable.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

23. CONTINGENT LIABILITIES

Guarantees

CPT Global Limited has provided a guarantee \$191,000 (2016: \$191,000) to third parties in relation to its performance and obligations in respect of property lease rentals. The guarantee is secured against a term deposit equal to the value of the guarantee. The guarantee is for the term of the lease. The guarantee for lease covers the next 12 months.

24. EVENTS AFTER THE REPORTING PERIOD

On 28th August 2017 CPT Global Limited announced its intention to extend the on-market share buy back for a further twelve months until 28th August 2018. A maximum of 3,000,000 shares may be bought back during the buyback period.

25. EARNINGS PER SHARE

	2017	Restated 2016
	\$'000	\$'000
(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net (loss) / profit	(1,468)	(3,909)
Adjustments:	-	-
Earnings used in calculating basic and diluted earnings per share	<u>(1,468)</u>	<u>(3,909)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	37,318,525	37,177,220
Weighted average number of options outstanding	300,000	300,000
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>37,618,525</u>	<u>37,477,220</u>

26. AUDITORS' REMUNERATION

	2017	2016
	\$'000	\$'000
Amounts received or due and receivable by ShineWing Australia and Mazars London for:		
• an audit or review of the financial report of the parent and any other entity in the Group	147	181
• other services in relation to the entity and any other entity in the Group		
- tax compliance	27	40
- other services	1	6
	<u>1</u>	<u>6</u>

Other services relate to accounting and taxation services.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

27. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of economic entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Fred S Grimwade	Non-executive Chairman
Alan Baxter	Non-executive Director
Gerry Tuddenham	Managing Director
David Lynch	Chief Executive Officer Australia and Asia
Kevin Akom	Chief Operating Officer
Grant Sincock	Company Secretary and Chief Financial Officer
Luke Tuddenham	Vice President North America

From 1 July 2017 Kevin Akom has taken on the role of General Manager - Strategic Client Relationships within the Australian region. This new role and its responsibilities do not meet the definition of Key Management Person and Kevin will not be included in the Key Management Person disclosures from 1 July 2017.

b) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2017.

The totals of remuneration paid to key management personnel of the company and the Group during the year are as follows:

	2017	2016
	\$000	\$000
Short-term employee benefits	2,145	2,433
Post-employment benefits	143	133
Other long-term benefits	19	38
Share based payments	4	5
	<u>2,313</u>	<u>2,609</u>

28. RELATED PARTY DISCLOSURES

(a) Controlling Relationships

Interests in subsidiaries are set out in note 11. The parent entity and the ultimate controlling party of the group is CPT Global Limited. All transactions within the group were done on an arm's length basis.

(b) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and note 27. Key management personnel include the board of directors and key executives who are accountable and responsible for the operational, management and strategic direction of the Group.

(c) Transactions with related parties

During the financial year there were no transactions with related parties.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

29. OPERATING SEGMENTS

Identification of Reportable Segments

CPT Global Limited has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance and determining the allocation of resources. The reportable segments disclosed are based on a geographical basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- services provided by the segment;
- the type of customer for the services provided; and
- external regulatory requirements

Types of Services by Segment

Below outlines the major lines of services provided to customers for each reportable segment:

Australia

- Digital Consulting
- Capacity Planning
- Cost Reduction Sustainable
- Mainframe & Midrange performance
- Project & Program management
- Technical Support services
- Management IT (MIT)
- Management, Functional & Automation Testing

Europe

- Mainframe & Midrange performance
- Technical Support services

North America

- Mainframe & Midrange performance
- Management, Functional & Automation Testing

Basis of accounting for purposes of reporting by reportable segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of CPT Global Limited.

Inter-segment transactions

Segment revenues, expenses and results exclude transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar services to parties outside of the Group on an arm's length basis. These transfers are eliminated on consolidation.

Segment Assets and Liabilities

Segment assets and liabilities reported are based on the internal reports reviewed by the Board of Directors. Assets include trade debtors and unbilled revenue balances. Liabilities include trade creditors and accruals.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

29. OPERATING SEGMENTS (continued)

Unallocated items

The Board of Directors review segment performance to only the gross profit level. All other items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment. Liabilities are not reported by segment for internal reporting purposes for the Board of Directors and therefore have been treated as unallocated items.

Segment Performance

	Australia		Europe		North America		Consolidated	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
REVENUE								
External Sales	19,787	19,363	1,317	1,977	6,055	7,410	27,159	28,750
Total Group Revenue							27,159	28,750
Segment Gross Profit before tax	5,172	5,107	270	(237)	3,134	3,244	8,646	8,440
<i>Reconciliation of segment result to group profit/loss before tax</i>								
Goodwill impairment				(629)				(629)
Unallocated Items								
- Overheads							(9,973)	(10,733)
Profit/ (Loss) before tax							(1,327)	(2,922)

Segment Assets

	Australia		Europe		North America		Consolidated	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Segment Assets	4,409	4,481	340	740	1,610	1,520	6,359	6,741
Segment asset increases for the period:								
- Capital Expenditure	-	-	-	-	-	-	-	-
	4,409	4,481	340	740	1,610	1,520	6,359	6,741
<i>Reconciliation of segment assets to group assets</i>								
Unallocated assets:								
- Goodwill	4,232	4,232	-	-			4,232	4,232
- Property, plant & equipment							159	225
- Other Assets							2,830	4,435
Total Group Assets							13,580	15,633

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

29. OPERATING SEGMENTS (Continued)

Segment Liabilities

	Australia		Europe		North America		Consolidated	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Segment Liabilities	4,435	4,416	746	1,147	1,802	2,341	6,982	7,904
Segment liability increases for the period:								
-	-	-	-	-	-	-	-	-
	4,435	4,416	746	1,147	1,802	2,341	6,982	7,904
<i>Reconciliation of segment liabilities to group liabilities</i>								
Unallocated liabilities:								
- Provisions	1,893	1,801	-	-	79	53	1,972	1,853
- Other Liabilities	-	-	-	-	-	-	-	-
Total Group Liabilities							8,954	9,757

Major Customers

CPT Global Limited provides services to a range of clients in the financial services and telecommunications industries. CPT's top 10 clients account for 82% of the group's global revenue (2016: 72%), totalling \$21,844,988 (2016: \$20,595,101). Three of CPT's client's contributed more than 10% of the annual revenue (30% - a major Australian bank, 18% an Australian government department and 12% - a major Australian telecommunications firm).

30. FINANCIAL INSTRUMENTS

Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

Derivatives may be used by the Group for hedging purposes. Such instruments include forward exchange and currency option contracts. The Group does not speculate in the trading of derivative instruments.

The board of directors is responsible for monitoring and managing financial risk exposures of the Group. The board reviews the effectiveness of internal controls relating to interest rate risk and foreign currency risk. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance in regard to financial and currency rate risk.

(i) Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value and cash flows will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

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YEAR ENDED 30 JUNE 2017

30. FINANCIAL INSTRUMENTS (Continued)

Economic Entity	Floating interest rate		Fixed interest rate maturing in 1 to 5 years		Non-interest bearing		Total carrying amount as per statement of financial position		Weighted average effective interest rate	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 %	2016 %
<i>(i) Financial assets</i>										
Cash and cash equivalents	1,656	3,034	-	-	-	-	1,656	3,034	0.25	0.33
Trade receivables	-	-	-	-	5,571	4,815	5,571	4,815		
Total financial assets	1,656	3,034	-	-	5,571	4,815	7,227	7,819		
<i>(ii) Financial liabilities at amortised cost</i>										
Bank overdrafts	-	-	-	-	-	-	-	-	9.0	10.0
Trade and sundry payables	-	-	-	-	6,322	7,666	6,322	7,666		
Borrowings	1,640	905	-	-	-	-	1,640	905		
Total financial liabilities	1,640	905	-	-	6,322	7,666	7,962	8,571		

Interest rate risk arises on cash and cash equivalents and bank overdrafts. Interest rate risk is managed by monitoring and reviewing cash flow forecasts and the trade receivables balance of the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents as this is the only financial instrument materially exposed to floating interest rates. The analysis is based on actual monthly borrowing amounts throughout the year, as reported to management, with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease has been used and represents management's assessment of the possible changes in interest rates. At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit before income tax would increase by \$8,768 and decrease by \$8,768 (2016: increase by \$14,378 and decrease by \$14,378).

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of services in currencies other than the group's functional currency, and the translation of foreign subsidiary results on consolidation.

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YEAR ENDED 30 JUNE 2017

30. FINANCIAL INSTRUMENTS (Continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

Economic Entity	Liabilities		Assets	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Australian dollars	-	-	-	-
US dollars	159	198	175	201
Sterling	-	-	-	-
Euro	36	121	117	359
Canadian dollars	-	-	-	-
Singapore dollars	-	-	-	1

The amounts disclosed above in relation to Australian dollars relate to intercompany payables and receivables in each of the foreign subsidiaries whose functional currency is not Australian dollars.

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Sterling, Euros and CAD.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used as it represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external assets and liabilities as well as loans, receivables and payables balances with foreign subsidiaries where the denomination of the balance is in a currency other than the functional currency of the lender or borrower. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

Economic Entity	USD Impact		Sterling Impact		Euro Impact		CAD Impact	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Profit or loss	(52)	(120)	(31)	(109)	(19)	(64)	(28)	(2)
Other equity	(259)	(192)	(174)	(105)	(85)	(66)	(5)	24

The above impacts are mainly attributable to the exposure of intercompany payables, receivables and loan balances at the end of the reporting period.

Liquidity risk

Liquidity risk is the risk the group will not be able to meet its financial obligations as they fall due.

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2017

30. FINANCIAL INSTRUMENTS (Continued)

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Included in Note 15 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. The borrowing facilities may be drawn at any time and may be terminated by the financing provider with three months' notice. All facilities are subject to annual review.

The table below analyses the Group's financial liabilities. All such liabilities are classified as current and therefore have contractual maturity within 12 months from the reporting date.

	2017 \$'000	2016 \$'000
Trade payables	3,642	4,515
Sundry payables and accrued expenses	1,690	2,467
	<u>5,332</u>	<u>6,982</u>

For details of expenditure commitments and maturity profile of the lease liability, refer to Note 21. The trade and sundry payables listed above are due for payment within 3 months.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and essentially arises from holdings of cash and deposits and trade receivables as well as from the parent's potential obligations under the indemnity guarantee provided to banks. The risk is largely managed through a policy of only dealing with creditworthy counterparties. Periodic assessments of debtor balances are undertaken and provisions for impairment are recognised where appropriate.

The maximum credit risk exposure is the carrying value of cash and deposits and trade receivables as disclosed in notes 7 and 8.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 32 to 71, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and economic entity.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Fred Grimwade
Chairman
Melbourne, 28 September 2017

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CPT GLOBAL LIMITED & CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CPT Global Limited (“the Company”) and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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:

- a) giving a true and fair view of the Group’s financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) 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 auditor independence requirements of 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 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.

Key Audit Matter	How the matter was addressed during the audit
<p>Impairment of Goodwill</p> <p>Note 13</p> <p>At 30 June 2017 the Group’s Statement of Financial Position includes goodwill amounting to \$4.157m relating to the Australian CGU.</p> <p>We have determined this is a key audit matter due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136 Impairment of Assets, including the forecasting of</p>	<p>Our procedures included, amongst others;</p> <ul style="list-style-type: none"> • Enquired with management on the basis of assumptions applied in the value in use model to obtain an understanding of the key variables impacting on each CGU; • Obtained and evaluated the assumptions and methodology applied in management’s value in use calculation including but not limited to revenue forecasts, discount rates and the allocation and recoverability of corporate overheads to subsidiaries;

Key Audit Matter	How the matter was addressed during the audit
<p>future cash flows and applying an appropriate discount rate which inherently involved a high degree of estimation and judgement by management.</p>	<ul style="list-style-type: none"> • Performed sensitivity analysis on the key assumptions and variables to determine various outcomes of the value in use model in assessing whether certain CGUs are impaired; • Engaged our internal valuation specialists to compare several valuation assumptions including the discount rate to external and industry benchmarks for reasonableness; and • Reviewed the adequacy of the Group's disclosures about these assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of assets.
<p>Recognition and recoverability of Unbilled Revenue</p> <p>Note 9</p> <p>At 30 June 2017 the Group's Statement of Financial Position includes \$0.792m of unbilled revenue for current projects.</p> <p>Given the nature of the Group's revenue there are significant estimates and judgements incorporated in management's measurement of unbilled revenue balances.</p>	<p>Our procedures included, amongst others;</p> <ul style="list-style-type: none"> • Reviewed unbilled revenue balances to ensure that amounts taken up as revenue are reasonable and could be supported by signed contracts, project status reports and timesheets; • Performed an ageing analysis of unbilled revenue balances; and • Reviewed post year-end subsequent billings and collections.
<p>Taxation</p> <p>Notes 5 and 16</p> <p>The group operates across a number of jurisdictions and as such is required to prepare tax returns to local tax authorities in those jurisdictions.</p> <p>As there can be complexity in international tax legislation and there has been an amendment in the prior year relating to tax balances, this has been a key area of focus during the audit.</p>	<p>Our procedures included, amongst others;</p> <ul style="list-style-type: none"> • Reviewed the tax workings prepared for the Group and agreed the balances to underlying accounting records; • Given the material tax balance in the United States we engaged taxation experts in that jurisdiction to review the tax reconciliations prepared by management to ensure the assumptions used are consistent with the local tax legislation; and • Reviewed the disclosures in the financial statements to ensure that they are correct.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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 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 ability of the Group 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We 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.

We 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.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We 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.

We 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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 29 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of CPT Global Limited and controlled entities for the year ended 30 June 2017 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood

Hayley Underwood
Partner

Melbourne, 28 September 2017

Corporate Information

ACN 083 090 895
ABN 16 083 090 895

Directors

Fred Grimwade
(Non-executive Chairman)

Gerard (Gerry) Tuddenham
(Managing Director)

Alan Baxter
(Non-executive Director)

David Lynch
(CEO Australia and Asia)

Company Secretary

Grant Sincock

Principal Registered Office

Level 1, 4 Riverside Quay
Southbank VIC 3006
Telephone: +61 (0)3 9684 7900
Facsimile: +61 (0)3 9684 7999
Internet: www.CPTglobal.com

2017 Annual General Meeting

The Annual General Meeting of CPT Global Limited members will be held on Monday 27th November 2017 at 11.30 am at Boardroom's office at Level 7, 333 Collins Street, Melbourne, Victoria.

Auditors

ShineWing Australia
Level 10, 530 Collins Street
Melbourne VIC 3000

Share Register

Boardroom Pty Ltd			
Level 12,	225		George
Street			
Sydney			NSW
2000			
Telephone: 1300			737
760			
Facsimile: +61	(0)2		9290
9600			

Solicitors

Ernst & Young

Bankers

ANZ Banking Group Limited

ASX Code

CGO

CPT Global on the Web

For an introduction to the company and access to company announcements, descriptions of our core business, services and careers, and our corporate governance policies and procedures visit our website at www.CPTglobal.com

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27th of September 2017.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	Ordinary shares		Preference shares	
	Number of holders	Number of shares	Number of holders	Number of shares
1 - 1,000	59	41,496	-	-
1,001 - 5,000	330	916,632	-	-
5,001 - 10,000	166	1,283,657	-	-
10,001 - 100,000	276	9,096,568	-	-
100,001 and over	48	25,980,172	-	-
	879	37,318,525	-	-
The number of shareholders holding less than a marketable parcel of shares are:	282	499,296	-	-

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	TUDDY SUPER PTY LTD	8,582,356	23.0%
2	Sonda Fondo De Invesion Privado	2,664,993	7.1%
3	GNP Nominees	2,159,089	5.8%
4	CLAPSY PTY LTD	1,070,006	2.9%
5	MR VICTOR JOHN PLUMMER	900,000	2.4%
6	Mr Luke Tuddenham	842,955	2.3%
7	MR PHILIP ADAM	752,782	2.0%
8	MR FRED GRIMWADE	718,200	1.9%
9	MR PAWEL REJ & MRS MIROSLAWA REJ	665,317	1.8%
10	Mr Ben Tuddenham	643,526	1.7%
11	MR KEVIN AKOM	565,013	1.5%
12	STILETTO INVESTMENTS PTY LTD	552,000	1.5%
13	PETHOL (VIC) PTY LTD	500,000	1.3%
14	FIVE TALENTS LIMITED	482,369	1.3%
15	BNP PARIBAS NOMINEES PTY LTD	458,518	1.2%
16	MR DAVID LYNCH	417,458	1.1%
17	MRS ALISON BOLGER	362,550	1.0%
18	MR NEVILLE HASKETT & MRS VICKI HASKETT	355,000	1.0%
19	MRS JULIE ANN CAREY	326,000	0.9%
20	MR MICHAEL LAZORIK	300,000	0.8%
		23,318,132	62.5%

ASX Additional Information

(c) Shares held in escrow

As at 27th September 2017, there were 504,717 fully paid ordinary shares held in voluntary escrow. The escrow period ends on 19 November 2017.

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
MR GERRY TUDDENHAM AND HIS ASSOCIATES (EXCLUDING HIS BENEFICIAL INTEREST IN THE CPT TRUST)	8,586,356
GNP NOMINEES PTY LTD AS TRUSTEE FOR THE CPT TRUST	2,159,089
SONDA FONDO DE INVERSION PRIVADO	2,664,993

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. Performance rights do not carry voting rights.