CCP Technologies Limited
Appendix 4D
Half-year ended 31 December 2018

Name of entity:	CCP Technologies Limited
ABN:	58 009 213 754
Half-year ended:	31 December 2018
Previous period:	31 December 2017

Results for announcement to the market

				$
Revenue for ordinary activities	Up	223.4%	to	311,202
Loss from ordinary activities after tax attributable to members	Up	13.7%	to	1,585,665
Net loss for the period attributable to members	Up	13.7%	to	1,585,665

Distributions

No dividends have been paid or declared by the company for the current financial period. No dividends were paid for the previous financial period.

Explanation of results

Please refer to the review of operations on page 3 for explanation of the results.

This information should be read in conjunction with the 2018 annual report. Additional information supporting the Appendix 4D disclosure requirements can be found in the directors' report and the interim financial statements for the half-year ended 31 December 2018.

Net tangible assets per security

	31 December 2018 Cents	31 December 2017 Cents
Net tangible asset backing (per security)	**(0.04)**	0.51

Changes in controlled entities

There have been no changes in controlled entities during the half-year ended 31 December 2018.

Details of associates and joint venture entities

On 30 August 2018, CCP Technologies Limited announced it had entered into a joint venture (JV) with the US-based Koolmax Monitoring Technology Inc. As at 31 December 2018, business transactions for this JV have yet to formally proceed and the JV is not reflected in this interim financial report.

Other information required by Listing Rule 4.2A

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Other information	N/A

Interim review

The interim financial statements have been reviewed by the group's independent auditor which includes a paragraph regarding a material uncertainty in relation to going concern.

CCP Technologies Limited

ACN 009 213 754

Interim financial report for the half-year 31 December 2018

Directors	Mr Adam Gallagher *Executive Director and Chief Executive Officer*
	Mr Leath Nicholson *Independent Non-Executive Chairman*
	Mr Anoosh Manzoori *Independent Non-Executive Director*
	Mr Michael White (resigned 9 February 2019) *Executive Director and Chief Executive Officer*
	Mr Anthony Rowley (resigned 9 February 2019) *Executive Director and Chief Operating Officer*
Company secretary	Mr Phillip Hains
	Mr Adam Gallagher
Principal registered office and place of business	Suite 202 22 St Kilda Road St Kilda VIC 3182 Australia +61 3 8592 4883
Share register	Advanced Share Registry 110 Stirling Highway Nedlands WA 6909 +61 8 9389 8033
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000 +61 7 3237 5999
Solicitors	Nicholson Ryan Lawyers Pty Ltd Level 7 416–420 Collins Street Melbourne VIC 3000 +61 3 9640 0400
Bankers	Westpac Banking Corporation 150 Collins Street Melbourne VIC 3000
Stock exchange listings	ASX: CT1
Website	www.ccp-technologies.com

CCP Technologies Limited

ACN 009 213 754

Interim report - 31 December 2018

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by CCP Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Your directors present their report on the consolidated entity (referred to hereafter as the 'group') consisting of CCP Technologies Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The following persons held office as directors of CCP Technologies Limited during the financial period and up to the date of this report (except where stated otherwise):

Mr Adam Gallagher
Mr Leath Nicholson
Mr Anoosh Manzoori
Mr Michael White (resigned 9 February 2019)
Mr Anthony Rowley (resigned 9 February 2019)

Review of operations

Financial

During the half-year ended 31 December 2018, the group reported a loss $1,585,665 compared to $1,394,220 in the comparative period in 2017. Total revenue increased to $311,202 (31 December 2017: $96,226), representing a 223% increase. Our revenue growth has also been supported by an increase in cash receipts from customers from $92,115 in previous half-year to $311,414 in this reporting period.

Capital raise

In August 2018, the group announced that it completed a strategic placement to raise $861,247 before costs. As per the announcement made 17 July 2018, the cornerstone investment under this placement was received in an Australian dollar equivalent of Penta tokens (cryptocurrency) that would be released in equal amounts with a ‘top up’ provision at the end of 12 months in August 2019 if the price of the Penta tokens relative to the dollar amount of the shares issued required it. As per the ASX announcement made 24 December 2018, the group is due to receive $465,952 in the equivalent of value of Penta tokens in August 2019. This has not been reflected in the assets of the group as at 31 December 2018.

Corporate activities

The group reviewed several potential corporate transactions during the period however no binding terms have yet been reached in these discussions.

The group maintains an on-going focus on potential acquisitions that are complementary to the existing business.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

In January 2019, the group provided existing shareholders with the opportunity to support the existing business via a share purchase plan (SPP) with a target raise amount of $750,000. The SPP raised a total $240,500.

As a consequence, the board and management implemented an initiative to reset the cost base of the group to reduce the dependency on external funding and create a sustainable foundation for the continued growth of the business. Further details of this are contained in note 8 of the interim financial statements.

This initiative will continue through the March 2019 quarter that coupled with anticipated revenue growth from the building and transitioning sales pipeline, is expected to close the cash flow gap over the coming months towards becoming cash flow positive on a business-as-usual basis early in the first half of the 2020 financial year.

Likely developments and expected results of operations

There are no information on likely developments in the operations of the group and the expected results of operations have not been included in this interim financial report because the directors believe it would be likely to result in unreasonable prejudice to the group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of directors.

Mr Adam Gallagher
Executive Director and Chief Executive Officer

Melbourne
28 February 2019

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DECLARATION OF INDEPENDENCE BY M CUTRI TO THE DIRECTORS OF CCP TECHNOLOGIES LIMITED

As lead auditor for the review of CCP Technologies Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CCP Technologies Limited and the entities it controlled during the period.

M Cutri
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2019

		Consolidated entity	
		31 December 2018	31 December 2017
	Notes	**$**	$
Revenue and other income	2	**311,202**	96,226
Administration expense		**(209,711)**	(169,740)
Depreciation expense		**(3,704)**	(3,564)
Directors' fees		**(26,500)**	(36,000)
Employee and contracting expense	3	**(759,808)**	(772,635)
Marketing		**(61,748)**	(66,707)
Materials		**(49,066)**	(45,824)
Occupancy		**(58,996)**	(45,530)
Patents and trademarks		**(21,040)**	(19,552)
Professional and legal expense		**(128,793)**	(148,902)
Research and development		**(67,030)**	(41,988)
Share-based payment expense	6(c)	**(454,482)**	(64,609)
Travel		**(55,216)**	(64,585)
Doubtful debts		**(2,032)**	-
Net foreign exchange gains/(losses)		**1,259**	(8,921)
Finance expenses		**-**	(1,891)
Loss before income tax		**(1,585,665)**	(1,394,222)
Income tax expense		**-**	-
Loss for the period		**(1,585,665)**	(1,394,222)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**11,990**	(6,343)
Total comprehensive loss for the period		**(1,573,675)**	(1,400,565)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic loss per share	10	**(0.40)**	(0.48)
Diluted loss per share	10	**(0.40)**	(0.48)

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

CCP Technologies Limited
Condensed consolidated balance sheet
As at 31 December 2018

	Notes	Consolidated entity 31 December 2018 $	30 June 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**160,277**	453,776
Trade and other receivables	4(a)	**103,358**	91,127
Other current assets		**56,384**	44,301
Total current assets		**320,019**	589,204
Non-current assets			
Property, plant and equipment		**47,749**	43,367
Total non-current assets		**47,749**	43,367
Total assets		**367,768**	632,571
LIABILITIES			
Current liabilities			
Trade and other payables	4(b)	**406,385**	169,678
Employee benefit obligations		**115,808**	74,744
		522,193	244,422
Liabilities directly associated with discontinued operations		**21,658**	21,658
Total current liabilities		**543,851**	266,080
Total liabilities		**543,851**	266,080
Net assets		**(176,083)**	366,491
EQUITY			
Share capital	5(a)	**9,401,901**	8,400,628
Other reserves	5(b)	**179,769**	137,951
Accumulated losses		**(9,757,753)**	(8,172,088)
Total equity		**(176,083)**	366,491

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated entity	Notes	Attributable to owners of CCP Technologies Limited: Share capital $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017		6,909,610	51,143	(5,338,252)	1,622,501
Loss for the period		-	-	(1,394,222)	(1,394,222)
Other comprehensive income, net of tax		-	(6,343)	-	(6,343)
Total comprehensive income for the period		**-**	**(6,343)**	**(1,394,222)**	**(1,400,565)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax		1,491,018	-	-	1,491,018
Share-based payments		-	53,609	-	53,609
		1,491,018	53,609	-	1,544,627
Balance at 31 December 2017		**8,400,628**	**98,409**	**(6,732,474)**	**1,766,563**
Balance at 1 July 2018		8,400,628	137,951	(8,172,088)	366,491
Loss for the period		-	-	(1,585,665)	(1,585,665)
Other comprehensive income, net of tax	5(b)	-	11,990	-	11,990
Total comprehensive income for the period		**-**	**11,990**	**(1,585,665)**	**(1,573,675)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	5(a)	1,001,273	-	-	1,001,273
Share-based payments	5(b)	-	29,828	-	29,828
		1,001,273	29,828	-	1,031,101
Balance at 31 December 2018		**9,401,901**	**179,769**	**(9,757,753)**	**(176,083)**

	Notes	**Consolidated entity** **31 December 2018 $**	31 December 2017 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		**311,414**	92,115
Payments to suppliers and employees (GST inclusive)		**(1,217,004)**	(1,341,301)
Other income receipts		**-**	12,215
Interest received		**509**	2,686
Finance costs		**-**	(1,891)
Net cash (outflow) from operating activities		**(905,081)**	(1,236,176)
Cash flows from investing activities			
Payments for property, plant and equipment		**(8,086)**	(12,972)
Payments for deposits		**(4,516)**	-
Net cash (outflow) from investing activities		**(12,602)**	(12,972)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	5	**610,295**	1,465,500
Payment for transaction costs in relation to the issue of shares		**-**	(44,482)
Net cash inflow from financing activities		**610,295**	1,421,018
Net (decrease) increase in cash and cash equivalents		**(307,388)**	171,870
Cash and cash equivalents at the beginning of the financial year		**453,776**	1,727,137
Effects of exchange rate changes on cash and cash equivalents		**13,889**	(6,343)
Cash and cash equivalents at end of period		**160,277**	1,892,664

1 Segment information

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company currently operates predominantly in one segment, being the sale and commercialisation of the CCP Solution.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis or measurement of segment profit or loss.

2 Revenue and other income

The group derives the following types of revenue:

	Consolidated entity	
	31 December 2018 $	31 December 2017 $
CCP module revenue	**24,244**	4,638
Subscription revenue	**101,247**	51,137
Consulting revenue	**185,202**	19,090
Interest income	**509**	2,686
Other income receipts	**-**	18,675
	311,202	96,226

3 Expenses

	Consolidated entity	
	31 December 2018 $	31 December 2017 $
Loss before income tax includes the following specific expenses:		
Employee and contracting expense		
Salaries	**583,406**	287,540
Contractors – KMP	**71,320**	124,511
Contractors – sales, marketing and administration	**-**	96,630
Contractors – research and development	**18,360**	207,173
Annual leave provided	**41,064**	18,555
Superannuation	**37,610**	38,036
Salary on costs	**8,048**	190
	759,808	772,635

4 Financial assets and financial liabilities

(a) Trade and other receivables

	Consolidated entity					
	31 December 2018			30 June 2018		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade receivables	**134,349**	**-**	**134,349**	104,977	-	104,977
Provision for impairment	**(43,897)**	**-**	**(43,897)**	(41,865)	-	(41,865)
	90,452	**-**	**90,452**	63,112	-	63,112
Other receivables	**12,906**	**-**	**12,906**	28,015	-	28,015
	103,358	**-**	**103,358**	91,127	-	91,127

(b) Trade and other payables

	Consolidated entity					
	31 December 2018			30 June 2018		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables	**317,696**	**-**	**317,696**	59,830	-	59,830
Accrued expenses	**53,941**	**-**	**53,941**	64,221	-	64,221
Other payables	**34,748**	**-**	**34,748**	45,627	-	45,627
	406,385	**-**	**406,385**	169,678	-	169,678

5 Equity

(a) Share capital

	31 December 2018 No.	**31 December 2018 $**	30 June 2018 No.	30 June 2018 $
Ordinary shares - fully paid	**402,451,919**	**9,401,901**	349,678,422	8,400,628
Ordinary shares - held in escrow[1]	**23,297,600**	**-**	-	-
	425,749,519	**9,401,901**	349,678,422	8,400,628

5 Equity (continued)

(a) Share capital (continued)

(i) Movements in ordinary shares

Details	Number of shares	$
Balance at 1 July 2018	**349,678,422**	**8,400,628**
Issue of securities at $0.017 each – ESOP	6,294,119	107,000
Issue of securities at $0.023 each – ESOP	508,693	11,700
Issue of securities at $0.027 each – ESOP	9,593,783	259,032
Issue of securities at $0.015 each to consultants for services received	1,527,777	22,917
Issue of securities at $0.025 each to consultants for services received	960,183	24,004
Issue of securities at $0.020 each – private placement[1]	43,062,350	395,295
Issue of securities at $0.015 each – private placement	14,124,192	211,863
Commitment to issue of securities at $0.015 each – private placement	-	3,137
Less: Transaction costs arising on share issues	-	(33,675)
Balance at 31 December 2018	**425,749,519**	**9,401,901**

Notes

(1) On 8 August 2018, the group announced that it completed a strategic placement to raise $861,247 before costs (i.e. 43,062,350 shares), of which $561,247 related to the amount to be received in an Australian dollar equivalent of Penta tokens (cryptocurrency). As per the announcement made 17 July 2018, the Penta tokens would be released in equal amounts with a 'top up' provision at the end of 12 months on 8 August 2019 if the price of the Penta tokens relative to the dollar amount of the shares issued required it. As at 31 December 2018, the value raised from 23,297,600 shares (i.e. $465,952) is not recognised by the group and these shares are subject to escrow on the same terms as Appendix 9A of the ASX Listing Rules. As per the ASX announcement made 24 December 2018, the group is due to receive $465,952 in the equivalent of value of Penta tokens in August 2019.

(ii) Rights of each type of share

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the financial period, is set out in note 6.

(b) Other reserves

The following table shows a breakdown of the condensed consolidated balance sheet line item 'other reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

5 Equity (continued)

(b) Other reserves (continued)

Consolidated entity	Share-based payments $	Foreign currency translation $	Total $
Balance at 1 July 2017	361,045	(32,627)	328,418
Currency translation differences	-	22,408	22,408
Other comprehensive income for the period	-	22,408	22,408
Transactions with owners in their capacity as owners			
Share-based payment expenses	(31,733)	-	(31,733)
At 31 December 2017	**329,312**	**(10,219)**	**319,093**

Consolidated entity	Notes	Share-based payments $	Foreign currency translation $	Total $
Balance at 1 July 2018		149,742	(11,791)	137,951
Currency translation differences		-	11,990	11,990
Other comprehensive income for the period		-	11,990	11,990
Transactions with owners in their capacity as owners				
Share-based payment expenses	6	29,828	-	29,828
At 31 December 2018		**179,570**	**199**	**179,769**

(i) Nature and purpose of other reserves

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, employees and eligible contractors.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

6 Share-based payments

(a) Unlisted options

	31 December 2018 No.	**31 December 2018 $**	30 June 2018 No.	30 June 2018 $
Options	**60,041,900**	**179,570**	16,979,550	149,742

6 Share-based payments (continued)

(a) Unlisted options (continued)

(i) Movement in options

Details	**Number of options**	**$**
Balance at 1 July 2018	16,979,550	149,742
Issue of unlisted options at $0.030 each	43,062,350	-
Amortisation of share-based payments for options issued in prior periods	-	29,828
Balance at 31 December 2018	**60,041,900**	**179,570**

(ii) Unlisted options at $0.030, expiring 10 December 2020

On 11 December 2018, CCP Technologies Limited issued 43,062,350 options free-attaching to the 43,062,350 private placement shares issued on 8 August 2018. As these options are outside the scope of AASB 2 *Share-based Payment*, no share-based payment expense was recognised for the issue of these unlisted options.

(b) Employee share scheme

A scheme under which shares were issued by the company to employees and directors for no cash consideration was approved by shareholders at the 2018 annual general meeting.

The number and deemed issue price of these shares to participants was determined as follows:

- Mr Michael White and Mr Anthony Rowley, directors: 3,357,824 issued to each director with a deemed issue price of $0.027 per share, being the 7-day VWAP up to the close of trading on 31 December 2017 and at 50% premium to the closing price on 11 October 2018. The share-based payment amount recognised is $90,661 for each director.
- Mr Leath Nicholson, director: 2,176,471 issued with a deemed issue price of $0.017 per share, being the 15-day VWAP up to the close of trading on 11 October 2018. The share-based payment amount recognised is $37,000.
- Mr Adam Gallagher and Mr Anoosh Manzoori, directors: 2,058,824 issued to each director with a deemed issue price of $0.017 per share, being the 15-day VWAP up to the close of trading on 11 October 2018. The share-based payment amount recognised is $35,000 for each director.
- Mr Kartheek Munigoti, member of key management personnel: 2,878,135 issued with a deemed issue price of $0.027 per share, being the 7-day VWAP up to the close of trading on 31 December 2017 and at 50% premium to the closing price on 11 October 2018. The share-based payment amount recognised is $77,710.
- Ms Karen Davy, employee and spouse of Mr Michael White, director: 43,478 issued with a deemed issue price of $0.023 per share, being the closing price on 18 December 2017, on which the issue was offered and accepted. The share-based payment amount recognised is $1,000.
- Employees of CCP IoT Technologies Pvt Ltd: 465,215 issued with a deemed issue price of $0.023 per share, being the closing price on 18 December 2017, on which the issues were offered and accepted. The share-based payment amount recognised is $10,700.

6 Share-based payments (continued)

(b) Employee share scheme (continued)

	Consolidated entity	
	31 December 2018 Number	31 December 2017 Number
Number of shares issued under the plan to participating employees on 26 November 2018	**16,396,595**	-

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated entity	
	31 December 2018 $	31 December 2017 $
Expenses arising from shares issued to key management personnel	**366,033**	-
Expenses arising from options issued to key management personnel	**29,828**	50,170
Expenses arising from shares issued to other employees	**11,700**	3,439
Expenses arising from shares issued to consultants	**46,921**	11,000
	454,482	64,609

7 Contingencies

The group had no contingent liabilities at 31 December 2018 (31 December 2017: nil).

8 Events occurring after the reporting period

On 4 February 2019, the group announced the completion of a share purchase plan raising a total of $240,500 via the issue of 20,208,368 new ordinary shares at $0.012 per share.

On 9 February 2019, the group announced key changes aimed at creating cost efficiencies and maximising its prospects of successfully pursuing its pipeline of commercial and corporate opportunities. These changes comprised:

- Mr Michael White resigning as Executive Director and Chief Executive Officer;
- Mr Anthony Rowley resigning as Executive Director and Chief Operating Officer;
- Mr Adam Gallagher agreeing to take on the role of Executive Director and Chief Executive Officer and committing himself to the group by agreeing to take an equity only remuneration package, and
- Mr Kartheek Munigoti assuming the newly created role of General Manager.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

9 Related party transactions

	Consolidated entity	
	31 December 2018 $	31 December 2017 $
Office rent and outgoings paid on an arm's length commercial basis to Lagoon Properties Pty Ltd, a company associated with Michael White and Anthony Rowley in respect of the St Kilda office premises.	**19,064**	9,792
Consultancy fees paid to Adtay Pty Ltd, a company associated with Gary Taylor, in respect of the provision of sales services.	**-**	50,000
Consultancy fees paid to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	**15,320**	11,582
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd (formerly Foster Nicholson Jones Lawyers Pty Ltd), a company associated with Leath Nicholson.	**35,977**	14,223
Consideration for shares issued to First Growth Funds Limited, a company associated with Anoosh Manzoori	**250,000**	-
Share issue costs paid to First Growth Funds Limited, a company associated with Anoosh Manzoori	**33,675**	-

10 Loss per share

(a) Reconciliation of earnings used in calculating loss per share

	Consolidated entity	
	31 December 2018 $	31 December 2017 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	**1,585,665**	1,394,222

(b) Weighted average number of shares used as denominator

	Consolidated entity	
	2018 Number	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**395,292,334**	289,057,281

The outstanding options as at 31 December 2018 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

11 Basis of preparation of half-year report

These condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. These interim financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by CCP Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new standards effective as of 1 July 2018 outlined in notes 11(b) and 12. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the interim financial statements, the group is in a net liability position of $176,083 (30 June 2018: net asset position of $366,491), net current liability position of $202,174 (30 June 2018: net current asset position of $344,782) and has net operating cash outflows of $905,081 (2017: $1,236,176). The group generated a loss after tax for the half year of $1,585,665 (2017: $1,394,221). The group's cash position decreased to $160,277 at 31 December 2018 (30 June 2018: $453,776).

The ability of the group to continue as a going concern is principally dependent upon one or more of the following conditions:

- The ability of the group to raise sufficient capital and when necessary;
- The successful commercialisation of its intellectual property in a manner that generates sufficient operating cash inflows, and
- Continued support of creditors.

These conditions give rise to material uncertainty, which may cast significant doubt over the group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Recent history in raising capital, as is evident from their successful capital raising completed in February 2019 where $240,500 in cash was raised via a share purchase plan.
- Significant progress has been made on exploiting its intellectual property which is evident by the 223% increase in revenue compared to the comparative prior period;
- The group has spoken and agreed with key creditors deferred payments plans to match payments with the receipt of cash, where required, and are fully compliant with the terms of these;
- The group is incurring a rate of expenditure designed to enhance its prospects in generating growth in sales locally and in the event that the group encounters any difficulties in raising capital, the board is comfortable that the current levels of expenditure can be scaled back to preserve cash, and
- The group continues to apply different measures to control its expenditure to preserve cash and working capital. The recent changes at executive management level, and the ability to negotiate payment in equity in lieu of cash with its consultants and suppliers, also improves the group's cash coverage.

11 Basis of preparation of half-year report (continued)

(a) Going concern (continued)

Should the group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the group be unable to continue as a going concern.

(b) New, revised and amended accounting standards and interpretations adopted by the group

The group applies, for the first time, AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*. The adoption of these new and revised standards and interpretations did not have any material impact on the amounts recognised in the financial statements of the group for the current or prior periods. However, the accounting policies have changed from that disclosed in the annual report for the year ended 30 June 2018. The impact of the adoption of these standards and the new accounting policies are disclosed in note 12 below.

(c) Impact of standards issued but not yet applied by the entity

Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $40,218. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

12 Changes in accounting policies

As explained in note 11 above, the group has adopted a number of new or revised accounting standards from 1 July 2018 that have resulted in changes in accounting policies and adjustments to the amounts recognised in the interim financial statements.

(a) AASB 9 Financial Instruments – Impact of adoption

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of this standard has not impacted the amounts disclosed in these interim financial statements.

(i) Classification and measurement

Except for certain trade receivables, under AASB 9, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

12 Changes in accounting policies (continued)

(a) AASB 9 Financial Instruments – Impact of adoption (continued)

(i) Classification and measurement (continued)

The new classification and measurement of the group's debt financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category comprises trade and other receivables.

The assessment of the group's business models was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. There has been no adjustment made to the amounts disclosed as a result of the application of this standard.

(ii) Impairment of financial assets

The adoption of AASB 9 has altered the group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in any material change in impairment allowances of the group's debt financial assets.

(b) AASB 9 Financial Instruments – accounting policies applied from 1 July 2018

(i) Investments and other financial assets

Classification

From 1 July 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

12 Changes in accounting policies (continued)

(b) AASB 9 Financial Instruments – accounting policies applied from 1 July 2018 (continued)

(i) Investments and other financial assets (continued)

Measurement (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(c) AASB 15 Revenue from Contracts with Customers – Impact of adoption

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has not impacted the amounts disclosed within the financial statements.

The group is in the business of selling wireless critical control point monitoring solutions for the food industry as well as providing monthly customer support and monitoring subscriptions. During the half-year ended 31 December 2018, the entity diversified its portfolio by developing IoT motion sensors to track rodent activity and continues to invest research and development to engineering innovative IoT solutions.

(d) AASB 15 Revenue from Contracts with Customers – accounting policies applied from 1 July 2018

(i) Sale of monitor tags

Revenue from the sale of the food temperature monitoring tags are recognised at a point in time when the customer has access and thus control of the gadget and where the tag is considered distinct from other services provided to the customer. Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties.

(ii) Monitoring subscriptions

Revenue from the sale of monitoring subscriptions is recognised on a straight-line basis over the subscription term.

(iii) Consulting

Revenue from the provision of consulting and ad hoc maintenance services is recognised typically over time when the group has an enforceable right to payment for its performance completed to date. Customer contracts will include a statement of work, which will describe the work to be completed and the time frame for its completion. These services are invoiced at the point in time of completion of milestones within the statement of work. Therefore revenue is recognised when the milestone (being the performance obligation) is completed.

12 Changes in accounting policies (continued)

(d) AASB 15 Revenue from Contracts with Customers – accounting policies applied from 1 July 2018 (continued)

(iv) Customer contract with multiple performance obligations

The group frequently enters into multiple contracts with the same customer and where that occurs the company treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The group does not consider contracts closed more than three months apart as a single contract.

The group's subscription contracts are combining an obligation to receive a monitor tag and customer support and monitoring services. The provision of monitor tags is treated as a separate performance obligation to the services provided. As a result, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable, the group applies a residual approach.

(v) Incremental costs of obtaining customer contracts

Commissions on obtaining any customer contracts are capitalised and amortised over the term, where the term is greater than 12 months.

(vi) Contract assets (trade receivables)

Trade receivables are amounts due from customers from goods sold or services performed in the ordinary course of business. They are generally due from settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(vii) Financing components

The group does not recognise adjustments to transition prices or contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed 12 months.

(viii) Interest income

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

In the directors' opinion:

(a) the interim financial statements and notes set out on pages 2 to 21 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the CCP Technologies Limited 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 directors.

Mr Adam Gallagher
Executive Director and Chief Executive Officer

Melbourne
28 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CCP Technologies Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CCP Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated balance sheet as at 31 December 2018, condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 11 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit Pty Ltd

M Cutri

Director

Brisbane, 28 February 2019