CCP TECHNOLOGIES LIMITED

ABN: 58 009 213 754

Annual report

For the year ended 30 June 2019

CCP Technologies Limited
ABN 58 009 213 754
Annual report - 30 June 2019

Directors	Mr Adam Gallagher *Executive Director and Chief Executive Officer* Mr Leath Nicholson *Independent Non-Executive Chairman* Mr Anoosh Manzoori *Independent Non-Executive Director*
Company secretary	Mr Adam Gallagher Mr Phillip Hains
Principal registered office and principal place of business	Level 7, 420 Collins Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 8592 4883
Share register	Advanced Share Registry Ltd 110 Stirling Highway Nedlands WA 6909 Australia Telephone: +61 (0)8 9389 8033 Facsimile: +61 (0)8 9262 3723
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 Australia Telephone: +61 (0)7 3237 5999 Facsimile: +61 (0)7 3221 9227
Solicitors	Nicholson Ryan Lawyers Pty Ltd Level 7, 420 Collins Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9640 0400
Bankers	Westpac Banking Corporation 150 Collins Street Melbourne VIC 3000 Australia
Stock exchange listings	CCP Technologies Limited shares are listed on the Australian Securities Exchange (ASX: CT1)
Website	www.ccp-technologies.com

Firstly, thank you to all shareholders for your support and particularly those that have been with us for some time in the belief that the company's fortunes would at some point turn a corner and start to deliver shareholder value.

The listed company that changed its name to CCP Technologies Limited in 2016, began life in the late-1980s, and has risen from the ashes several times over in pursuit of finding the right business model to build shareholder value. It was becoming increasingly clear over the last financial year that the capital markets support had been exhausted for the CCP business and a turning point was needed to ensure that the company could continue.

In the first half of the 2019 financial year, following the capital raise completed in August 2018, we decided to pursue a corporate transaction that would introduce a new business that could leverage on the development team. Unfortunately, even with the support of brokers, the internal challenges were too great to complete this transaction and we ended the calendar year in need of funding and without a story that capital markets were willing to back.

In February 2019, following a share purchase plan that reached less than a third of its target raise amount, the directors decided that it was time for a change.

Following the board changes in February, we asked non-executive director Adam Gallagher to take on the Chief Executive Officer (CEO) role, and Kartheek Munigoti who founded the India based development team and invented CCP's core technology, to take on a General Management role. This in reality was only a modest extension from his existing activities as Chief Technical Officer. Adam assumed the CEO role for nil pay or arrangements, which remains as such at this point and we sincerely thank him for stepping up to save the company when few others would have accepted such a challenge.

Adam and Kartheek have demonstrated an unwavering commitment to the company and the fortunes of the company have dramatically improved over this last nine months as a direct result of their efforts, and their teams.

Following the board changes, we quickly did what was in our control to drastically reduce business expenditures as well as seeing where the low hanging fruit opportunities were to increase revenues.

With the renewed focus, we identified our development team of 25 highly qualified engineers with capabilities in hardware design, firmware, software, cloud and telecommunication networks can be used as a design and development platform by companies wanting to develop their own IoT solutions. CCP quickly secured a number of contracts that turned our development team into a profit centre and also opened new opportunities to sell our temperature monitoring tags.

In regard to reducing costs, there were a few quick fixes that we could address. Firstly, the direct sales approach in the US that had cost the group a significant amount of money, time and focus, was switched to an indirect sales approach that cost us nothing. Within two months this had delivered our first proper product sale in the US. We continue to receive unprecedented enquiries from the US now that we have simplified and opened up our business model.

We also removed a number of other spending lines in marketing that had proven to be of limited benefit and consolidated administration and other operating overheads. Rather than reducing revenue potential, these measures had the effect of improving the sales pipeline and win rates as well as facilitating the creation of new technical and commercial opportunities.

In parallel, we were now free to pursue corporate opportunities and we reviewed over half a dozen opportunities from February through to July 2019. None of these opportunities either progressed beyond, or otherwise passed due diligence. In the six months to July 2019, it became clear that the business was not only surviving, but actually progressing, and the board's view shifted from acquisitions being an imperative towards the more opportunistic approach that we now move forward with.

The CCP business has changed to embrace a much wider view of the capacity of the business to exploit the emerging IoT space far broader than temperature monitoring alone. The approach is no longer to raise money and spend only on one product niche though rather to build a sustainable business from the development services arm, which in turn introduces new innovations and opportunities into the product side of the business.

Capital markets are littered with loss-making technology companies promising a big future. More often than not the money runs out several times before that big future materialises and unless successive and material valuation milestones are reached the market moves on and the business is left stranded. It is a high-risk approach and most product-based companies generally do not have an alternative in their early stages. We do.

With prudent management and making proper use of our in-house team, we are seeing the prospect of having the best of both worlds with a high growth technology story and the secure backdrop of a sustainable services business with each complementing the other.

We are now building out the right commercial and capital markets relationships to best position the business to accelerate from its current footing.

We thank shareholders for their patience and support as we move through this recovery and rebuilding phase to a new iteration of the listed business that is well positioned for a great future.

Mr Leath Nicholson
Independent Non-Executive Chairman

The directors are pleased to provide the following summary of key events in the 12 months of operations to 30 June 2019:

Business reset
The current board commenced a business reset in February 2019, which in the first phase meant lowering expenditures and increasing revenues. The challenging starting position included a weak balance sheet, staff and operational changes and a number of other legacy issues that needed to be resolved. The current board and management have forged ahead to rebuild the fortunes of the listed company.

The group has an effective and complementary double prong commercial approach. The development services team offers software, hardware and firmware builds, or any part thereof, from design to prototype and production. With an Australian customer interface with the deep expertise and cost structure of the Bangalore based team, the group boasts a relatively unique market offering and business model from which to leverage.

The group has also started to expand the product suite, that with minor technical adaptation can be applied to different very different commercial applications across agriculture, automotive and utilities. The expanding knowledge and experience base in the development team through their ongoing services work complements the product roadmap.

The team has recently secured new wins in aged care, tertiary institutions and hospitals, none of which are related to food storage. Business-as-usual sales continues to increase with a number of recent wins in Australia and the US as the group continues to work towards the near-term goal of achieving the first enterprise rollout.

The overriding objective since February 2019 has been to create a sustainable business. The current board recognises that the historical successive capital raisings have been both necessary for the survival of the business, but diminished shareholder value. The board is determined to build a sustainable backdrop to the big future that it sees for the group in the rapidly emerging IoT space.

Capital raising and expenditures
During the period from 1 July 2018 to 31 January 2019, the company raised a total of $852,795 across three capital raisings. Further information is contained in note 7(a)(i) of the financial statements. The directors sincerely thank the investors that supported the raises.

Importantly of note, is that the net cash used in operations fell by 38% from first half to second half with $901k spent to 31 December 2018, down to $557k in the six months to 30 June 2019. In the June quarter, the figure fell markedly to just $135k as the cost savings and revenue increases started to take effect.

Board structure
Board changes during in the year included the resignations of the two executive directors, Michael White and Anthony Rowley, announced on 8 February 2019. Non-executive director and joint company secretary Adam Gallagher was appointed Chief Executive Officer and thus became an executive director as well as continuing in the company secretary role with increased duties to save costs. Each of the current board members have contributed their time and efforts without cash payment since August 2018, such is their dedication and belief in the future of the group.

Senior management changes
In February 2019, Kartheek Munigoti was appointed to the new role of General Manager expanding on his duties under his previous role as Chief Technical Officer. Kartheek founded the Bangalore based team and co-invented CCP's core technology. He is now engaged in all facets of business operations from technical through to sales.

Corporate transactions
The board assessed several acquisition prospects during the financial year, none of which passed due diligence. The board considered acquisition prospects based on a broad risk/return matrix to form a view on the prospective transaction being materially EPS accretive. While the board is open to all compelling opportunities, the primary focus is on building out the sustainable commercial foundation that will also put the business in a stronger position for any future M&A discussions.

United States
The direct sales strategy in the US has historically been a significant expense for the group that has simply not delivered. During the second half-year, the direct sales approach in the US was abandoned in favour of a reseller model that has already achieved the first meaningful sale of the temperature monitoring solution in the US to a new Wynn Resort Casino, Encore Boston Harbor.

India
During the second half, the Bangalore based development team was identified as an under-utilised revenue centre. The group has begun to increase revenue from third party development services projects to complement the subscription revenues.

Australia
A review of the relationships with previously signed distribution partners has been undertaken by management in the second half to seek to understand why the anticipated revenues from these relationships had not materialised. Key findings included simple communication breakdowns as well as commercial pricing model challenges that were identified as impediments to reseller adoption. Through positive engagement with the key partners, the impediments have been subsequently addressed and the relationships reinvigorated to the point that there is growing confidence in generating meaningful future revenues from these indirect channels.

Directors and company secretary

The following persons were directors of CCP Technologies Limited during the whole of the financial year and up to the date of this report, except where otherwise stated:

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, Executive Director and Chief Executive Officer (resigned 4 February 2019)
Mr Anthony Rowley, Executive Director and Chief Operating Officer (resigned 4 February 2019)

The following persons held office as company secretary of CCP Technologies Limited during the whole of the financial year and up to the date of this report:

Mr Phillip Hains
Mr Adam Gallagher

Principal activities

CCP Technologies Limited offers an internet of things (IoT) technology solution suite and a device and software development services business.

The solution suite currently comprises a monitoring and reporting platform for temperature, movement and other ambient conditions, that is primarily applied to refrigerated biological material - food, medicines and research specimens.

The group’s IT development division specialises in IoT software and hardware development and maintenance and can deliver an end-to-end service for IoT innovators and managers that is a unique outsource offering in the marketplace.

Dividends

No dividends have been paid or proposed by the group during or since the end of the financial year (2018: nil).

Review of operations

Financial results

The group reported a loss for the year ended 30 June 2019 of $2,177,277 (2018: $2,833,837).

The group had a net asset deficiency of $550,540 as at 30 June 2019 (2018: net assets of $366,491). As at 30 June 2019, the group had cash reserves of $40,854 (2018: $453,776).

Operations

Information on the operations of the group and its business strategies and prospects is set out in the review of operations and activities on pages 4 to 5 of this annual report.

Significant changes in the state of affairs

Other than the information set out in the Chairman's letter on pages 2 to 3 and the review of operations and activities on pages 4 to 5 of this annual report, there are no significant changes in the state of affairs that the group has not disclosed.

Events since the end of the financial year

On 19 July 2019, CCP Technologies Limited announced commitments from strategic investors to raise $576,592 (before costs) by issue of 44,353,252 new ordinary shares at $0.013 per share. The shares were issued from the company's remaining placement capacity under Listing Rule 7.1.

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 30 June 2019, the value raised from 23,297,600 shares (i.e. $465,952) is not recognised, with the group announcing to the ASX on 15 August 2019 that the arrangement had been cancelled by mutual agreement. Consequently, these shares which are subject to escrow on the same terms as Appendix 9A of the ASX Listing Rules will be cancelled subject to shareholder approval at the next general meeting of the company. As a result, the group will not receive any further tokens under the agreement.

On 2 September 2019, CCP Technologies Limited issued 14,513,447 shares at $0.013 each and 4,807,692 at $0.0104 each to suppliers and lenders in lieu of cash payment. This issuance reduced trade and other payables by $238,675.

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 years.

Likely developments and expected results of operations

Other than the information set out in the Chairman's letter on pages 2 to 3 and review of operations and activities on pages 4 to 5 of this annual report, there are no likely developments or details on the expected results of operations that the group has not disclosed.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

The names of directors in office at any time during or since the end of the financial year are:

<table>
<tr><td colspan="3">Mr Adam Gallagher Executive Director and Chief Executive Officer</td></tr>
<tr><td>Experience and expertise</td><td colspan="2">Adam has strong experience and working knowledge of the technology sector, M&A transactions, finance and capital markets through nearly 20 years' commercial, IT and investment experience across major banks, stock exchanges, digital media, communications, private equity and listed companies. For the last 10+ years, he has predominantly worked with expansion stage technology businesses both listed and unlisted as an officeholder, advisor and investor. He also had nearly 10 years of funds management experience as a microcap manager, consistently achieving returns well above the All Ords Index.</td></tr>
<tr><td>Qualifications</td><td colspan="2">Bachelor of Economics
Master in Commerce
Graduate Diploma in Information Systems
Graduate Diploma in Applied Corporate Governance</td></tr>
<tr><td>Date of appointment</td><td colspan="2">1 June 2015</td></tr>
<tr><td>Other current directorships</td><td colspan="2">EnviroSuite Limited (ASX: EVS), since 18 October 2012</td></tr>
<tr><td>Former directorships in last 3 years</td><td colspan="2">None</td></tr>
<tr><td>Committees</td><td colspan="2">None</td></tr>
<tr><td rowspan="2">Interests in shares and options</td><td>Ordinary shares</td><td>2,981,772</td></tr>
<tr><td>Options</td><td>1,446,550</td></tr>
</table>

Information on directors (continued)

Mr Leath Nicholson *Independent Non-Executive Chairman*		
Experience and expertise	Leath was a corporate partner at a leading Melbourne law firm, gaining experience with a breadth of ASX listed entities, before co-founding Foster Nicholson (now Nicholson Ryan) in 2008. Leath's principal clients continue to be ASX listed companies and high net worth individuals. Leath has particular expertise in mergers and acquisitions, IT based transactions and corporate governance.	
Qualifications	Bachelor of Economics (Honours) Bachelor of Laws (Honours) Master of Laws (Commercial Law)	
Date of appointment	14 October 2016	
Other current directorships	AMA Group Limited (ASX: AMA), since 23 December 2015 Money3 Corporation Limited (ASX: MNY), since 29 January 2016	
Former directorships in last 3 years	None	
Committees	Member of the audit and risk committee Chair of the remuneration and nomination committee	
Interests in shares and options	Ordinary shares	2,176,471
	Options	2,000,000

Information on directors (continued)

Mr Anoosh Manzoori *Independent Non-Executive Director*		
Experience and expertise	Anoosh is currently the CEO of Shape Capital Pty Ltd, an advisory and venture investment firm. He has networks and access to venture capital and private equity groups in Australia and in the United States. Previously, he was the founder and CEO of the second largest cloud hosting company in Australia. He built the company from scratch, reaching 75,000 customers within five years, with over 10 percent market share in Australia, before selling the company to MYOB in 2008. Anoosh is a member of the Institute of Company Directors and is an Expert Network Member for the Department of Industry, Innovation and Science.	
Qualifications	Bachelor of Science Graduate Diploma in Business Enterprise, Business	
Date of appointment	14 October 2016	
Other current directorships	First Growth Funds Ltd (ASX: FGF), since 14 December 2017	
Former directorships in last 3 years	YPB Group Limited (ASX: YPB), until 4 June 2019	
Committees	Chair of the audit and risk committee Member of the remuneration and nomination committee	
Interests in shares and options	Ordinary shares	2,058,824
	Options	2,000,000

Company secretary

The joint company secretaries are Mr Phillip Hains and Mr Adam Gallagher.

Mr Phillip Hains was appointed to the position on 11 October 2017. Mr Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Mr Adam Gallagher was appointed to the position on 11 October 2017 and is also director of CCP Technologies Limited. Refer to the director information table on page 8 for details of Adam's qualifications and experience.

Meetings of directors

The numbers of meetings of the group's board of directors and of each board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration	
	A	B	A	B	A	B
Mr Adam Gallagher*	5	5	2	2	1	1
Mr Leath Nicholson	5	5	2	2	1	1
Mr Anoosh Manzoori	4	5	2	2	1	1
Mr Michael White**	4	4	-	-	-	-
Mr Anthony Rowley**	4	4	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
* = Mr Adam Gallagher no is no longer chair of the audit and risk committee and member of the remuneration and nomination committee following his appointment to Executive Director and Chief Executive Officer in February 2019.
** = Not a member of the relevant committee

In addition to formal board meetings, the directors communicate on a weekly basis and hold regular informal meetings and resolutions by circular as appropriate.

Remuneration report (audited)

The directors present the CCP Technologies Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Relationship between the remuneration policy and group performance
(f) Key management personnel disclosures

(a) Principles used to determine the nature and amount of remuneration

Remuneration policy

The performance of the group depends upon the quality of its directors and executives. To prosper, the group must attract and retain highly skilled directors and executives.

Remuneration committee

The board has a remuneration committee comprising the following members:

- Mr Leath Nicholson, Non-Executive Director (chair)
- Mr Anoosh Manzoori, Non-Executive Director

Mr Adam Gallagher, Executive Director and Chief Executive Officer, has a standing invitation to attend committee meetings.

The committee assess the appropriateness of the nature and amounts of emoluments 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.

Officers are given the opportunity to receive their bases emoluments in a variety of forms including cash, salary sacrifice and fringe benefits. It is intended that that the manner of payments chosen will be optimal for the recipient without creating undue cost for the group.

Remuneration structure

It is the group's objective to provide maximum stakeholder benefit from the retention of a high-quality board and executive team by remunerating directors and other key management personnel (KMP) fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the committee considers the nature and amount of executive directors' and officers' emoluments alongside the group's financial and operational performance. The expected outcomes of the remuneration structure are the retention and motivation of key executives, the attraction of quality management to the group and performance incentives, which allow executives to share the rewards of the success of the group.

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

Remuneration report (audited) (continued)

(a) Principles used to determine the nature and amount of remuneration (continued)

Non-executive directors

The board seeks to set aggregate remuneration at a level which provides the group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The constitution of CCP Technologies Limited and the ASX Listing Rules specify that the non-executive directors are entitled to remuneration as determined by the group in a General Meeting to be apportioned amongst them in such manner as the directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently approved by shareholders for directors' fees is for a total of $250,000 per annum. This amount was approved at the 2016 Annual General Meeting held on 18 November 2016 and is a reduction from $500,000 previously approved by shareholders.

If a non-executive director performs extra services, which in the opinion of the directors are outside the scope of the ordinary duties of the director, the group may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above. Non-executive directors are entitled to be paid travel and other expenses properly incurred by them in attending directors' or General Meetings of the group or otherwise in connection with the business of the group.

Executive directors and senior management

The group aims to reward executive directors and senior management with a level and mix of remuneration commensurate with their position and responsibilities within the group and to:

- reward executives for group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of the executives with those of shareholders;
- link reward with strategic goals and performance of the group; and
- ensure total remuneration is competitive by market standards.

The remuneration of the executive directors and senior management may from time-to-time be fixed by the remuneration committee. As noted above, the policy is to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering short- and long-term incentives. The level of fixed remuneration is set to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the committee, and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the committee, having regard to the overall performance of the group and the performance of the individual during the year.

Voting and comments made at the last annual general meeting

At the last annual general meeting (AGM), the group received approval for the remuneration report adopted for the 2018 financial year. The group did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

Remuneration report (audited) (continued)

(b) Details of remuneration

Mr Adam Gallagher, Executive Director and Chief Executive Officer[1]
Mr Leath Nicholson, Independent Non-Executive Chairman
Mr Anoosh Manzoori, Independent Non-Executive Director
Mr Michael White, Executive Director and Chief Executive Officer (resigned 4 February 2019)
Mr Anthony Rowley, Executive Director and Chief Operating Officer (resigned 4 February 2019)

Key management personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group receiving the highest remuneration. Details of the remuneration of the KMP of the group are set out in the following tables.

The following persons was considered other KMP of CCP Technologies Limited during the financial year:[2]

Mr Kartheek Munigoti, General Manager (appointed 8 February 2019) and Chief Technical Officer

Notes
[1.] Mr Adam Gallagher was appointed Executive Director and Chief Executive Officer on 8 February 2019. Prior to this date, he held the title of Non-Executive Director.

[2.] Mr Axel Striefler, President - CCP North America, was no longer considered a member of key management personnel in the year ended 30 June 2019 due to a restructuring of the operations in the United States and a scaling down of his role in the business.

Amounts of remuneration

The following table shows details of remuneration expenses recognised for the group's KMP for the year ended 30 June 2019.

2019	Short-term benefits				Post-employment benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Annual leave $	Super-annuation $	Shares $	Options $	Total $
Non-executive directors								
Mr Leath Nicholson	23,000	-	-	-	-	37,000	8,075	68,075
Mr Anoosh Manzoori	15,000	-	-	-	-	35,000	8,075	58,075
Executive directors								
Mr Adam Gallagher	15,000	-	-	-	-	35,000	7,826	57,826
Mr Michael White	112,238	-	-	-	7,980	91,661	(5,697)	206,182
Mr Anthony Rowley	96,617	-	-	-	7,191	90,661	(5,697)	188,772
Other KMP								
Mr Kartheek Munigoti	126,000	-	-	14,889	11,970	77,710	-	230,569
Total KMP compensation	**387,855**	**-**	**-**	**14,889**	**27,141**	**367,032**	**12,582**	**809,499**

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

The following table shows details of remuneration expenses recognised for the group's KMP for the year ended 30 June 2018.

2018	Short-term benefits				Post-employment benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Annual leave $	Super-annuation $	Shares $	Options $	Total $
Non-executive directors								
Mr Leath Nicholson	23,000	-	-	-	-	-	21,000	44,000
Mr Anoosh Manzoori	16,250	-	-	-	-	-	21,000	37,250
Mr Adam Gallagher	19,500	-	-	-	-	-	4,565	24,065
Executive directors								
Mr Michael White	185,051	-	-	2,789	25,000	-	5,697	218,537
Mr Anthony Rowley	197,319	-	-	-	15,580	-	5,697	218,596
Other KMP								
Mr Kartheek Munigoti	170,459	-	-	-	14,820	-	-	185,279
Mr Axel Striefel	51,153	-	-	19,116	-	-	-	70,269
Mr Tom Chicoine	54,814	-	-	-	-	-	26,278	81,092
Mr Gary Taylor	60,198	-	-	-	-	-	-	60,198
Total KMP compensation	**777,744**	**-**	**-**	**21,905**	**55,400**	**-**	**84,237**	**939,286**

Remuneration report (audited) (continued)

(b) Details of remuneration (continued)

Amounts of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	**2019**	2018	**2019**	2018
	%	%	**%**	%	**%**	%
Non-executive directors						
Mr Leath Nicholson	**88**	52	**-**	-	**12**	48
Mr Anoosh Manzoori	**86**	44	**-**	-	**14**	56
Mr Adam Gallagher	**-**	81	**-**	-	**-**	19
Executive directors						
Mr Adam Gallagher	**86**	-	**-**	-	**14**	-
Mr Michael White	**57**	97	**43**	-	**-**	3
Mr Anthony Rowley	**53**	97	**47**	-	**-**	3
Other KMP						
Mr Kartheek Munigoti	**100**	100	**-**	-	**-**	-
Mr Axel Striefler	**100**	100	**-**	-	**-**	-
Mr Tom Chicoine	**-**	68	**-**	-	**-**	32
Mr Gary Taylor	**-**	100	**-**	-	**-**	-

Remuneration report (audited) (continued)

(c) Service agreements

Adam Gallagher

The group has not yet entered into a formal service arrangement with Mr Adam Gallagher with respect to his appointment as Executive Director and Chief Executive Officer of the group commencing on 8 February 2019. Mr Gallagher's remuneration remains unchanged from his previous role as Non-Executive Director, the key terms of that informal arrangement with Famile Pty Limited comprise:

- Fee of $15,000 per annum;
- No notice period.

Leath Nicholson

The group has an informal arrangement with Catellen Pty Ltd to provide the services of Mr Leath Nicholson as Non-Executive Chairman of the group commencing on 14 October 2016. The key terms of the arrangement are:

- Fee of $23,000 per annum;
- 2,000,000 options to acquire ordinary securities, exercisable at $0.10 each, approved by shareholders on 18 November 2016, vesting on 15 December 2018 and expiring on 15 December 2020;
- No notice period.

Anoosh Manzoori

The group has an informal arrangement with Shape Capital Pty Limited to provide the services of Mr Anoosh Manzoori as a Non-Executive Director of the group commencing on 14 October 2016. The key terms of the arrangement are:

- Fee of $15,000 per annum;
- 2,000,000 options to acquire ordinary securities, exercisable at $0.10 each, approved by shareholders on 18 November 2016, vesting on 15 December 2018 and expiring on 15 December 2020;
- No notice period.

Kartheek Munigoti

The group has entered into an employment contract with Mr Kartheek Munigoti as General Manager and Chief Techincal Officer (CTO). The key terms of the contract are:

- Salary of $156,000 per annum, plus statutory superannuation contributions;
- 6 months' notice period, except where there is a change in control and the notice period is reduced to 3 months;

The General Manager and CTO has a substantial interest in the group through his related party entity, Sriskanda Family Trust.

Remuneration report (audited) (continued)

(d) Share-based compensation

(i) Terms and conditions of the share-based payment arrangements

Shares

A scheme under which shares were issued by the company to key management personnel 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 until 4 February 2019: 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 until 4 February 2019: 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.

The issues to the executive directors, being Mr Michael White and Mr Anthony Rowley represent short-term incentive payments for the year ended 30 June 2018 in relation to non-financial metrics. The issues to non-executive directors, at the time being Mr Leath Nicholson, Mr Anoosh Manzoori and Mr Adam Gallagher, represent the portion of remuneration payable to each director for the financial year ended 30 June 2019 in lieu of cash payment. Subsequent to the issue of these shares, Mr Adam Gallagher was appointed Executive Director and Chief Executive Officer and as part of this appointment will be entitled to additional share-based payments in lieu of cash remuneration. The nature of this arrangement is still being determined as at 30 September 2019.

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Employee	Grant date	Vesting and exercise date	Expiry date	No. of options	Exercise price ($)	Value per option at grant date ($)	Total value of options at grant date ($)	Number vested
Leath Nicholson (CT101)	2016-11-18	2018-12-15	2020-12-15	2,000,000	0.10	0.0210	42,000	2,000,000
Anoosh Manzoori (CT102)	2016-11-18	2018-12-15	2020-12-15	2,000,000	0.10	0.0210	42,000	2,000,000
Adam Gallagher (CT104)	2017-11-21	2019-10-25	2021-10-25	1,446,550	0.10	0.0104	15,000	-

Options granted do not have performance conditions but do have continued service conditions for vesting to occur.

Remuneration report (audited) (continued)

(e) Relationship between the remuneration policy and group performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last five years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	30 June 2019 **$**	**30 June 2018** **$**	**30 June 2017** **$**	**30 June 2016** **$**	**30 June 2015** **$**
Share price at end of year	0.018	0.010	0.025	0.016	0.014
Market capitalisation at the end of the year ($M)	8.92	3.50	7.10	2.52	2.09
Net profit/(loss) for the financial year	(2,177,277)	(2,833,837)	(3,758,069)	(376,510)	(1,083,446)
Dividends paid	Nil	Nil	Nil	Nil	Nil

The company's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by CCP Technologies Limited. The company continues to focus on achieving key development and commercial milestones in order to add further shareholder value.

(f) Key management personnel disclosures

Share holdings

The number of shares in the parent entity held during the financial year ended 30 June 2019 by each director and other members of key management personnel of the group, including their related parties, is set out below:

2019	**Balance at the start of the period**[1]	**Granted as remuneration**	**Received on exercise of options**	**Other changes**	**Balance at the end of the period**[3]
Ordinary shares					
Mr Leath Nicholson	-	2,176,471	-	-	2,176,471
Mr Anoosh Manzoori	-	2,058,824	-	-	2,058,824
Mr Adam Gallagher	922,948	2,058,824	-	-	2,981,772
Mr Michael White	33,886,300	3,357,824	-	2,137,680	39,381,804
Mr Anthony Rowley	33,634,300	3,357,824	-	2,137,680	39,129,804
Mr Kartheek Munigoti	22,047,080	2,878,135	-	416,667	25,341,882
	90,490,628	**15,887,902**	**-**	**4,692,027**	**111,070,557**

Notes

1. Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP. Opening balances held prior to 5:1 share consolidation adjusted in accordance with the prospectus issued on 1 July 2016.

Remuneration report (audited) (continued)

(f) Key management personnel disclosures (continued)

Share holdings (continued)

2. Other changes incorporates changes resulting from the sale of shares.

3. For former KMP, the balance is as at the date they cease being KMP.

Option holdings

The number of options over ordinary shares in the parent entity held during the financial year ended 30 June 2019 by each director and other members of key management personnel of the group, including their related parties, is set out below:

2019	Balance at start of the period[1]	Granted as remuneration	Exercised	Other changes[2]	Balance at end of the period[3]	Vested and exercisable
Options						
Mr Leath Nicholson	2,000,000	-	-	-	2,000,000	2,000,000
Mr Anoosh Manzoori	2,000,000	-	-	-	2,000,000	2,000,000
Mr Adam Gallagher	1,446,550	-	-	-	1,446,550	-
Mr Michael White	5,000,000	-	-	(5,000,000)	-	-
Mr Anthony Rowley	5,000,000	-	-	(5,000,000)	-	-
Mr Kartheek Munigoti	-	-	-	-	-	-
	15,446,550	**-**	**-**	**(10,000,000)**	**5,446,550**	**4,000,000**

Notes

1. Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

2. Other changes incorporates changes resulting from the expiration/forfeiture of options.

3. For former KMP, the balance is as at the date they cease being KMP.

Transactions with KMP and related parties

Transactions between key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred during the year ended 30 June 2019:

Remuneration report (audited) (continued)

(f) Key management personnel disclosures (continued)

Transactions with KMP and related parties (continued)

	30 June 2019 $	30 June 2018 $
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.	**16,788**	20,533
Office rent and outgoings paid on an arm's length commercial basis FNJ Properties Pty Ltd, a company associated with Leath Nicholson in respect of the Collins Street, Melbourne office premises.	**6,000**	-
Consultancy fees paid to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	**64,364**	28,342
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with Leath Nicholson.	**94,201**	25,753
Share issue costs paid to First Growth Funds Limited, a company associated with Anoosh Manzoori.	**33,675**	-

Outstanding balances with related parties

The following balances remain outstanding with related parties as at 30 June 2019:

	30 June 2019 $	30 June 2018 $
Office rent and outgoings payable to Lagoon Properties Pty Ltd, a company associated with Michael White and Anthony Rowley in respect of the St Kilda office premises.	**1,416**	1,958
Office rent and outgoings payable to FNJ Properties Pty Ltd, a company associated with Leath Nicholson in respect of the Collins Street, Melbourne office premises.	**6,600**	-
Consultancy fees payable to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	**6,896**	3,300
Legal fees payable to Nicholson Ryan Lawyers Pty Ltd (formerly Foster Nicholson Jones Lawyers Pty Ltd), a company associated with Leath Nicholson.	**95,897**	-
Directors' fees payable to Catellen Pty Ltd, a company associated with Leath Nicholson.	**27,408**	1,917
Directors' fees payable to Famile Pty Ltd, a company associated with Adam Gallagher.	**15,125**	2,750
Directors' fees payable to Shape Capital Pty Ltd, a company associated with Anoosh Manzoori.	**15,747**	1,375
Share issue costs payable to First Growth Funds Limited, a company associated with Anoosh Manzoori.	**37,042**	-

[This concludes the remuneration report, which has been audited]

Shares under option

(a) Unissued ordinary shares

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

Date options granted	Expiry date	Issue price of shares ($)	Number under option
18-Nov-2016 (CT101)	15-Dec-2020	0.10	2,000,000
08-Nov-2016 (CT102)	15-Dec-2020	0.10	2,000,000
15-Dec-2016 (CT103)	15-Dec-2019	Nil	1,533,000
10-Nov-2017 (CT104)	25-Oct-2021	0.10	1,446,550
11-Dec-2018 (free-attaching options)	10-Dec-2020	0.03	43,062,350
Total			50,041,900

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

(b) Shares issued on the exercise of options

No ordinary shares of CCP Technologies Limited were issued during the year ended 30 June 2019 on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

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

(b) Indemnity of auditor

CCP Technologies Limited has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

During the year ended 30 June 2019, the group did not engage the external auditor to provide non-audit services.

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 24.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

Mr Adam Gallagher
Executive Director and Chief Executive Officer

Melbourne
30 September 2019

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

As lead auditor of CCP Technologies Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 September 2019

Corporate governance statement

CCP Technologies Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. CCP Technologies Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial year. The 2019 corporate governance statement was approved by the board on 30 September 2019. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at https://www.ccp-technologies.com/corporate-governance-plan/.

CCP Technologies Limited

ABN 58 009 213 754

Annual financial report - 30 June 2019

These financial statements are consolidated financial statements for the group consisting of CCP Technologies Limited and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

CCP Technologies Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:
Level 7, 420 Collins Street
Melbourne VIC 3000

The financial statements were authorised for issue by the directors on 30 September 2019. The directors have the power to amend and reissue the financial statements.

	Notes	**2019** **$**	2018 $
Revenue from contracts with customers	2	**578,990**	299,066
Cost of sales		**(353,118)**	(396,416)
Gross profit/(loss)		**225,872**	(97,350)
Other gains/(losses) – net	3(a)	**(2,171)**	3,147
Distribution costs		**(26,424)**	(15,367)
General and administrative expenses	3(b)	**(2,155,512)**	(2,398,178)
Research and development expenses		**(157,077)**	(152,698)
Selling and marketing expenses		**(62,586)**	(177,570)
Operating loss		**(2,177,898)**	(2,838,016)
Finance income		**621**	4,989
Finance expenses		**-**	(810)
Finance costs - net		**621**	4,179
Loss before income tax		**(2,177,277)**	(2,833,837)
Income tax expense	4	**-**	-
Loss for the period		**(2,177,277)**	(2,833,837)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	7(b)	3,890	(1,373)
Total comprehensive loss for the period		**(2,173,387)**	(2,835,210)
		Cents	Cents
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	19	**(0.52)**	(0.89)

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

	Notes	**2019 $**	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**40,854**	453,776
Trade and other receivables	5(b)	**90,507**	91,127
Other current assets		**24,144**	44,301
Total current assets		**155,505**	589,204
Non-current assets			
Property, plant and equipment		**25,471**	43,367
Total non-current assets		**25,471**	43,367
Total assets		**180,976**	632,571
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**615,376**	169,678
Contract liabilities	2(b)	**58,170**	-
Employee benefit obligations	6(a)	**36,312**	74,744
		709,858	244,422
Liabilities directly associated with discontinued operations		**21,658**	21,658
Total current liabilities		**731,516**	266,080
Total non-current liabilities		**-**	-
Total liabilities		**731,516**	266,080
Net (deficiency of) assets		**(550,540)**	366,491
EQUITY			
Share capital	7(a)	**9,644,401**	8,400,628
Other reserves	7(b)	**154,424**	137,951
Accumulated losses		**(10,349,365)**	(8,172,088)
Total equity		**(550,540)**	366,491

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

	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	(5,338,251)	1,622,502
Loss for the period		-	-	(2,833,837)	(2,833,837)
Other comprehensive income		-	(1,373)	-	(1,373)
Total comprehensive loss for the period		**-**	**(1,373)**	**(2,833,837)**	**(2,835,210)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	7(a)	1,491,018	-	-	1,491,018
Share-based payments	7(b)	-	88,181	-	88,181
		1,491,018	88,181	-	1,579,199
Balance at 30 June 2018		**8,400,628**	**137,951**	**(8,172,088)**	**366,491**

	Notes	Attributable to owners of CCP Technologies Limited			
		Share capital	**Other reserves**	**Accumulated losses**	**Total equity**
		$	**$**	**$**	**$**
Balance at 1 July 2018		8,400,628	137,951	(8,172,088)	366,491
Loss for the period		-	-	(2,177,277)	(2,177,277)
Other comprehensive income		-	3,890	-	3,890
Total comprehensive loss for the period		**-**	**3,890**	**(2,177,277)**	**(2,173,387)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	7(a)	1,243,773	-	-	1,243,773
Share-based payments	7(b)	-	12,583	-	12,583
		1,243,773	12,583	-	1,256,356
Balance at 30 June 2019		**9,644,401**	**154,424**	**(10,349,365)**	**(550,540)**

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

	Notes	**2019 $**	2018 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		**670,922**	287,619
Payments to suppliers and employees (GST inclusive)		**(1,934,565)**	(2,962,595)
Other income receipts		**-**	13,289
Net cash (outflow) from operating activities	8	**(1,263,643)**	(2,661,687)
Cash flows from investing activities			
Payments for property, plant and equipment		**(5,755)**	(29,618)
Payments for deposits		**-**	(7,561)
Interest received		**621**	4,989
Net cash (outflow) from investing activities		**(5,134)**	(32,190)
Cash flows from financing activities			
Proceeds from issues of shares	7(a)	**852,795**	1,465,500
Share issue transaction costs		**-**	(44,482)
Interest paid		**-**	(810)
Net cash inflow from financing activities		**852,795**	1,420,208
Net (decrease) in cash and cash equivalents		**(415,982)**	(1,273,669)
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		**3,060**	308
Cash and cash equivalents at end of period		**40,854**	453,776
Non-cash investing and financing activities	8(a)		

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

Contents of the notes to the financial statements

1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of CCP Technologies Limited. The group has identified one reportable segment; that is, the development, commercialisation and sale of internet of things (IoT) technology solutions. The segment details are therefore fully reflected in the body of the financial statements.

2 Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

2019	**Monitor tag revenue $**	**Monitoring subscription revenue $**	**Consulting revenue $**	**Labour-hire revenue $**	**Total $**
Timing of revenue recognition					
At a point in time	**-**	**-**	**162,195**	**154,000**	**316,195**
Over time	**49,164**	**213,631**	**-**	**-**	**262,795**
	49,164	**213,631**	**162,195**	**154,000**	**578,990**

2018	Monitor tag revenue $	Monitoring subscription revenue $	Consulting revenue $	Labour-hire revenue $	Total $
Timing of revenue recognition					
At a point in time	-	-	34,459	119,490	153,949
Over time	19,381	125,736	-	-	145,117
	19,381	125,736	34,459	119,490	299,066

(b) Liabilities related to contracts with customers

	2019 $	2018 $
Contract liabilities - deferred revenue on consulting contracts	**58,170**	-

Contract liabilities have been recognised for the first time on adoption AASB 15 *Revenue from Contracts with Customers*. Refer to note 22(c) for further information.

2 Revenue from contracts with customers (continued)

(c) Accounting policies

(i) Installation and use of monitor tags

Revenue from the installation and licence to use food temperature monitor tags are recognised over time for the period to which the customer is expected to utilise the monitor tags, where the use and installation of tags is considered distinct from other services provided to the customer. Management have determined revenue will be recognised over the life over the anticipated contractual arrangement with a customer, which management have estimated to be approximately three years. Any income deferred is recognised as a contract liability. Contracts do not provide for discounts, rebates or refunds which give rise to variable consideration.

Critical judgements in determining the anticipated contractual arrangement with a customer

Management have used their best judgement to determine the expected life of the contractual arrangement with a customer based on technological obsolescence of tags and historical length of customer retention. This will be revised annually.

(ii) Consulting

Revenue from the provision of consulting services is recognised at a point of time as the group has an enforceable right to payment for its performance obligations completed to date.

Critical judgements in allocating the transaction price

Management allocates the transaction price to each performance obligation based on an assessment of work completed at each reporting date for consulting revenue. Due to variations between each contract, up front payments and changes to projects during the term of engagement, judgement is used in estimating the completion of performance obligations and allocating the transaction price to each performance obligation.

(iii) Labour-hire

The group provides workers to its customers under consulting service arrangements and has determined that revenue from the provision of consulting services is to be recognised when the workers are provided to the client and they complete work for the client. AASB 15 contains a practical expedient that allows revenue to be recognised when the entity has the right to invoice if the amount invoiced corresponds directly with the performance completed to date. This is the case with labour-hire revenue.

(iv) Customer contracts 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 other services provided. The total transaction price for a customer contract encompassing consulting income 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) 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.

2 Revenue from contracts with customers (continued)

(c) Accounting policies (continued)

(vii) Previous accounting policy for revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

Sale of goods
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services
Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately through the consolidated statement of profit or loss and other comprehensive income.

(viii) Impact of change in accounting policy

The impact of adopting the new accounting standard on revenue recognition, AASB 15 *Revenue from Contracts with Customers*, is further discussed in note 22(c).

3 Expense items

(a) Other gains/(losses)

	2019 **$**	2018 $
Insurance recovery	**-**	13,289
Net foreign exchange gains/(losses)	**(2,171)**	(10,142)
	(2,171)	3,147

(b) Breakdown of expenses by nature

	Notes	**2019** **$**	2018 $
General and administrative expenses			
Accounting and audit		**220,874**	175,828
Bad debts and expected credit losses		**31,071**	41,865
Computer costs		**90,965**	79,376
Consulting		**163,414**	413,425
Depreciation		**23,651**	10,413
Employee benefits		**616,300**	906,129
Insurance		**35,532**	33,505
Investor relations		**13,188**	29,086
Legal		**99,421**	39,258
Listing and share registry		**64,259**	57,922
Occupancy		**108,680**	81,015
Patent costs		**23,924**	7,190
Share-based payments	17(c)	**437,236**	158,181
Superannuation		**47,829**	73,234
Travel and entertainment		**83,894**	184,665
Other		**95,274**	107,086
		2,155,512	2,398,178

4 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2019 $	2018 $
Loss from continuing operations before income tax expense	**(2,177,277)**	(2,833,837)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	**(598,751)**	(779,305)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment	**421**	407
Employee leave obligations	**(10,569)**	15,444
Expected credit losses	**1,412**	-
Share-based payment expense	**120,240**	43,500
Superannuation liability	**1,672**	-
Unrealised foreign exchange movements	**228**	(462)
Subtotal	**(485,347)**	(720,416)
Difference in overseas tax rates	**(9,591)**	(13,844)
Tax losses and other timing differences for which no deferred tax asset is recognised	**494,938**	734,260
Income tax expense	**-**	-

(b) Tax losses

The group does not recognise as a deferred tax asset carried forward tax losses. Deferred tax assets are recognised for deductible temporary differences only if the entities consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 30 June 2019, no deferred tax balances have been recognised (2018: nil).

Unused tax losses available to the group are currently not known and have not been included as the group has not yet calculated a reliable estimate of these losses.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 $	2018 $
Current assets		
Cash at bank and in hand	**40,854**	453,776

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2019 $	2018 $
Balances as above	**40,854**	453,776
Balances per statement of cash flows	**40,854**	453,776

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 21(j) for the group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Trade and other receivables

		2019			2018		
	Notes	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade receivables		**63,310**	**-**	**63,310**	104,977	-	104,977
Provision for impairment	10(b)	**-**	**-**	**-**	(41,865)	-	(41,865)
Loss allowance	10(b)	**(5,136)**	**-**	**(5,136)**	-	-	-
		58,174	**-**	**58,174**	**63,112**	**-**	**63,112**
Other receivables (ii)		**32,333**	**-**	**32,333**	28,015	-	28,015
Total trade and other receivables		**90,507**	**-**	**90,507**	**91,127**	**-**	**91,127**

5 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for 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. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 10(b).

(ii) Other receivables

Other receivables principally comprises GST refundable.

(c) Trade and other payables

	2019			2018		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables	**491,049**	**-**	**491,049**	60,817	-	60,817
Accrued expenses	**48,960**	**-**	**48,960**	64,221	-	64,221
Other payables	**75,367**	**-**	**75,367**	44,640	-	44,640
	615,376	**-**	**615,376**	169,678	-	169,678

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

6 Non-financial assets and liabilities

(a) Employee benefit obligations

	2019			2018		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Leave obligations (i)	**36,312**	**-**	**36,312**	74,744	-	74,744

(i) Leave obligations

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note 21(o).

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of $36,312 (2018: $74,744) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

7 Equity

(a) Share capital

	2019 No.	**2019 $**	2018 No.	2018 $
Ordinary shares - fully paid	**446,167,028**	**9,644,401**	349,678,422	8,400,628

(i) Movements in ordinary shares

Details	**Number of shares**	**$**
Balance at 1 July 2017	**284,014,118**	**6,909,610**
Issue of securities in settlement of liability	1,947,000	70,000
Issue of securities – milestone shares	21,739,126	500,000
Issue of securities – placement	41,978,178	965,500
Less: Transaction costs arising on share issues	-	(44,482)
Balance at 30 June 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
Issue of securities at $0.015 each – private placement shortfall	209,141	3,137
Issue of securities at $0.012 each – share purchase plan	20,208,368	242,500
Less: Transaction costs arising on share issues	-	(33,675)
Balance at 30 June 2019	**446,167,028**	**9,644,401**

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 30 June 2019, the value raised from 23,297,600 shares (i.e. $465,952) is not recognised, with the group announcing to the ASX on 15 August 2019 that the arrangement had been cancelled by mutual agreement. Consequently, these shares which are subject to escrow on the same terms as Appendix 9A of the ASX Listing Rules will be cancelled subject to shareholder approval at the next general meeting of the company. As a result, the group will not receive any further tokens under the agreement.

(ii) Ordinary shares

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

7 Equity (continued)

(a) Share capital (continued)

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 year and options outstanding at the end of the financial year, is set out in notes 7(b) and 17.

(b) Other reserves

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

	Notes	**Share- based payments $**	**Foreign currency translation $**	**Total $**
Balance at 1 July 2017		61,561	(10,418)	51,143
Currency translation differences		-	(1,373)	(1,373)
Other comprehensive income for the period		-	(1,373)	(1,373)
Transactions with owners in their capacity as owners				
Share-based payment expenses	7(b)(ii)	88,181	-	88,181
At 30 June 2018		**149,742**	**(11,791)**	**137,951**

	Notes	**Share- based payments $**	**Foreign currency translation $**	**Total $**
Balance at 30 June 2018		149,742	(11,791)	137,951
Currency translation differences		-	3,890	3,890
Other comprehensive income for the period		-	3,890	3,890
Transactions with owners in their capacity as owners				
Share-based payment expenses	7(b)(ii)	12,583	-	12,583
At 30 June 2019		**162,325**	**(7,901)**	**154,424**

(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, other employees and and eligible contractors.

7 Equity (continued)

(b) Other reserves (continued)

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.

(ii) Movements in options

Details	Notes	Number of options	$
Balance at 1 July 2017		**5,533,000**	**61,561**
Issue of ESOP unlisted options at $0.10 each (CT104)		1,446,550	4,565
Issue of ESOP unlisted options at $0.10 each (CT105)		10,000,000	11,393
Amortisation of share-based payments for options issued in prior periods		-	72,223
Balance at 30 June 2018		**16,979,550**	**149,742**
Issue of unlisted options at $0.030 each pursuant to placement	7(b)(iii)	43,062,350	-
Forfeiture of ESOP unlisted options $0.10 each (CT105)		(10,000,000)	(11,393)
Amortisation of share-based payments for options issued in prior periods		-	23,976
Balance at 30 June 2019		**50,041,900**	**162,325**

(iii) 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.

As disclosed in note 7(a)(i), as at 30 June 2019, the value raised from 23,297,600 shares (i.e. $465,952) from the Penta tokens is not recognised, with the group announcing to the ASX on 15 August 2019 that the arrangement had been cancelled by mutual agreement. Consequently, the 23,297,600 free-attaching options will be cancelled subject to shareholder approval at the next general meeting of the company.

8 Cash flow information

Reconciliation of profit/(loss) after income tax to net cash inflow (outflow) from operating activities

	2019 **$**	2018 $
Loss for the period	**(2,177,277)**	(2,833,837)
Adjustments for		
Depreciation	**23,651**	10,413
Finance costs	**-**	810
Finance income	**(621)**	(4,989)
Share-based payments	**437,236**	158,181
Unrealised net foreign currency (gains)/losses	**830**	(1,681)
Other items	**-**	41,865
Change in operating assets and liabilities:		
Movement in trade and other receivables	**620**	(46,614)
Movement in other current assets	**20,158**	5,391
Movement in trade and other payables	**412,022**	(34,439)
Movement in contract liabilities	**58,170**	-
Movement in other operating liabilities	**(38,432)**	56,163
Movement in liabilities associated with assets for sale	**-**	(12,950)
Net cash inflow (outflow) from operating activities	**(1,263,643)**	(2,661,687)

(a) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- options and shares issued to employees under the 'employee share option plan' for no cash consideration - note 17.

9 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group’s accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been variations from the previously lodged preliminary final report.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Recognition of revenue and allocation of transaction price - notes 2(c)(i) and 2(c)(ii)
- Non-recognition of carry-forward tax losses - note 4(b)
- Estimation of employee benefit obligations - note 6(a)(i)
- Estimation of share-based payments - note 17

9 Critical estimates, judgements and errors (continued)

(a) Significant estimates and judgements (continued)

- Application of the going concern assumption - note 21(a)(iii)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Variation from preliminary final report

After the release of the group's preliminary report to the ASX, management continued to assess the revenue recognition criteria for consulting services rendered during the year, which requires a degree of judgement in determining the performance obligations satisfied up to and including 30 June 2019. As a result of this assessment, certain notable variations were identified, in comparison to the previously lodged preliminary final report, including a reallocation of the type of revenue and a reduction of $62,629, which primarily contributed to an increase in net loss for the period of $72,335. The decrease in revenue was partly attributable to an increase in contract liabilities (for the deferred revenue portion).

A reclassification of $308,616 between cost of sales and general and administrative expenses was made to recognise the employee costs in India as direct costs of generating revenue for the financial year.

10 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group’s future financial performance.

The group’s risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The group is primarily exposed to changes in the United States dollar and Indian rupee against the Australian dollar on translation into the group's presentation currency of subsidiaries' financial information. However, there are no material financial assets and liabilities denominated in currencies other than the functional currency of each entity. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

(i) Risk management

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

10 Financial risk management (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

The group has one type of financial asset subject to the expected credit loss model:

- trade receivables

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for trade receivables:

1 July 2018				**Days past due**			
	Current	**1-30**	**31-60**	**61-90**	**91-120**	**121+**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	4.32%	14.25%	13.19%	26.78%	36.56%	100.00%	
Gross carrying amount	46,508	6,121	3,399	1,761	5,323	41,865	104,977
Loss allowance	**2,009**	**872**	**448**	**472**	**1,946**	**41,865**	**47,612**

The expected credit loss amount of $47,612 as at 1 July 2018 includes the $41,865 already provided for at 30 June 2018, refer to note 5(b). The net increase to loss allowance under the expected credit loss model on adoption of AASB 9 was therefore $5,747.

30 June 2019				**Days past due**			
	Current	**1-30**	**31-60**	**61-90**	**91-120**	**121+**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Expected credit loss rate	1.33%	7.95%	15.17%	24.30%	44.11%	69.85%	
Gross carrying amount	33,136	7,073	20,161	1,905	428	607	63,310
Loss allowance	**441**	**562**	**3,058**	**463**	**189**	**423**	**5,136**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

10 Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 121 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount (assets)/ liabilities**
At 30 June 2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and other payables	615,376	-	-	-	-	615,376	615,376
Total	**615,376**	**-**	**-**	**-**	**-**	**615,376**	**615,376**
At 30 June 2018							
Trade and other payables	169,679	-	-	-	-	169,679	169,679
Total	**169,679**	**-**	**-**	**-**	**-**	**169,679**	**169,679**

11 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2019 (2018: nil). The group’s franking account balance was nil at 30 June 2019 (2018: nil).

12 Interests in other entities

(a) Material subsidiaries

The group’s principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the group**	
		2019	2018
		%	%
CCP Network Australia Pty Ltd	Australia	**100**	100
CCP IP Pty Ltd	Australia	**100**	100
CCP Asia Pacific Pty Ltd	Australia	**100**	100
CCP Network North America Inc.	Unites States	**100**	100
CCP IoT Technologies Pvt Ltd	India	**100**	100
Agen Limited	Australia	**100**	100
Agen Biomedical Limited	Australia	**100**	100
Agen Inc.	Unites States	**100**	100

It is proposed that following destruction of all biotechnology related materials held on behalf of the Agen companies, all three Agen companies will be wound up by way of members’ voluntary liquidation in the 2019 financial year.

13 Contingent liabilities

The group had no contingent liabilities at 30 June 2019 (2018: nil).

14 Commitments

(a) Capital commitments

The group had no capital commitments at 30 June 2019 (2018: nil).

(b) Non-cancellable operating leases

The group had no non-cancellable operating lease commitments at 30 June 2019 (2018: $74,772). The group terminated its existing lease agreements in the year ended 30 June 2019 and all leases are now on month-by-month arrangements.

	2019 **$**	2018 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**-**	61,134
Later than one year but not later than five years	**-**	13,638
	-	74,772

15 Events occurring after the reporting period

On 19 July 2019, CCP Technologies Limited announced commitments from strategic investors to raise $576,592 (before costs) by issue of 44,353,252 new ordinary shares at $0.013 per share. The shares were issued from the company's remaining placement capacity under Listing Rule 7.1.

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 30 June 2019, the value raised from 23,297,600 shares (i.e. $465,952) is not recognised, with the group announcing to the ASX on 15 August 2019 that the arrangement had been cancelled by mutual agreement. Consequently, these shares which are subject to escrow on the same terms as Appendix 9A of the ASX Listing Rules will be cancelled subject to shareholder approval at the next general meeting of the company. As a result, the group will not receive any further tokens under the agreement.

On 2 September 2019, CCP Technologies Limited issued 14,513,447 shares at $0.013 each and 4,807,692 at $0.0104 each to suppliers and lenders in lieu of cash payment. This issuance reduced trade and other payables by $238,675.

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 years.

16 Related party transactions

(a) Key management personnel compensation

	2019 **$**	2018 $
Short-term employee benefits	**402,744**	799,649
Post-employment benefits	**27,141**	55,400
Share-based payments	**379,614**	84,237
	809,499	939,286

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 21.

(b) Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	30 June 2019 **$**	30 June 2018 $
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.	**16,788**	20,533
Office rent and outgoings paid on an arm's length commercial basis FNJ Properties Pty Ltd, a company associated with Leath Nicholson in respect of the Collins Street, Melbourne office premises.	**6,000**	-
Consultancy fees paid to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	**64,364**	28,342
Legal fees paid on normal commercial terms to Nicholson Ryan Lawyers Pty Ltd, a company associated with Leath Nicholson.	**94,201**	25,753
Share issue costs paid to First Growth Funds Limited, a company associated with Anoosh Manzoori.	**33,675**	-

16 Related party transactions (continued)

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 June 2019 $	30 June 2018 $
Office rent and outgoings payable to Lagoon Properties Pty Ltd, a company associated with Michael White and Anthony Rowley in respect of the St Kilda office premises.	**1,416**	1,958
Office rent and outgoings payable to FNJ Properties Pty Ltd, a company associated with Leath Nicholson in respect of the Collins Street, Melbourne office premises.	**6,600**	-
Consultancy fees payable to Skantech Pty Ltd, a company associated with Kartheek Munigoti, in respect of the provision of IT technical support services.	**6,896**	3,300
Legal fees payable to Nicholson Ryan Lawyers Pty Ltd (formerly Foster Nicholson Jones Lawyers Pty Ltd), a company associated with Leath Nicholson.	**95,897**	-
Directors' fees payable to Catellen Pty Ltd, a company associated with Leath Nicholson.	**27,408**	1,917
Directors' fees payable to Famile Pty Ltd, a company associated with Adam Gallagher.	**15,125**	2,750
Directors' fees payable to Shape Capital Pty Ltd, a company associated with Anoosh Manzoori.	**15,747**	1,375
Share issue costs payable to First Growth Funds Limited, a company associated with Anoosh Manzoori.	**37,042**	-

17 Share-based payments

(a) Employee share option plan

The establishment of the 'employee share option plan' (ESOP) was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of all options, including those issued under ESOP:

	2019		2018	
	Average exercise price per share option	**Number of options**	Average exercise price per share option	Number of options
As at 1 July	**$0.09**	**16,979,550**	$0.07	5,533,000
Granted during the year	**$0.03**	**43,062,350**	$0.10	11,446,550
Forfeited during the year	**$0.10**	**(10,000,000)**	-	-
As at 30 June	**$0.04**	**50,041,900**	$0.09	16,979,550
Vested and exercisable at 31 December	**-**	**48,595,350**	-	1,533,000

17 Share-based payments (continued)

(a) Employee share option plan (continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	**Expiry date**	**Exercise price ($)**	**Share options 30 June 2019**	Share options 30 June 2018
18-Nov-2016 (CT101)	15-Dec-2020	0.10	2,000,000	2,000,000
08-Nov-2016 (CT102)	15-Dec-2020	0.10	2,000,000	2,000,000
15-Dec-2016 (CT103)	15-Dec-2019	Nil	1,533,000	1,533,000
10-Nov-2017 (CT104)	25-Oct-2021	0.10	1,446,550	1,446,550
10-Nov-2017 (CT105)	31-Dec-2020	0.10	-	10,000,000
11-Dec-2018 (free-attaching options)	10-Dec-2020	0.03	43,062,350	-
Total			50,041,900	16,979,550

Weighted average remaining contractual life of options outstanding at end of period	1.03	2.47

(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 until 4 February 2019: 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 until 4 February 2019: 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.

	2019 Number	2018 Number
Number of shares issued under the plan to participating employees on 26 November 2018	**16,396,595**	-

17 Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

	2019 **$**	2018 $
Expenses arising from shares issued to key management personnel	**367,032**	-
Expenses arising from options issued to key management personnel	**12,582**	84,236
Expenses arising from shares issued to other employees	**10,702**	3,945
Expenses arising from shares issued to consultants	**46,920**	70,000
	437,236	158,181

18 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

BDO Audit Pty Ltd

(i) Audit and other assurance services

	2019 **$**	2018 $
Audit and review of financial statements	**62,500**	47,500
Total remuneration for audit and other assurance services	**62,500**	47,500
Total auditor's remuneration	**62,500**	47,500

19 Loss per share

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

	2019 **$**	2018 $
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	**2,177,277**	2,833,837

(b) Weighted average number of shares used as the denominator

	2019 **Number**	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**418,652,763**	319,284,809

19 Loss per share (continued)

On the basis of the group's losses, the outstanding options as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

20 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 **$**	2018 $
Balance sheet		
Current assets	**47,298**	414,533
Non-current assets	**2,000**	2,000
Total assets	**49,298**	535,810
Current liabilities	**569,401**	169,319
Non-current liabilities	**-**	-
Total liabilities	**569,401**	169,319
Shareholders' equity		
Share capital	**84,434,953**	83,191,180
Reserves		
Share-based payments	**4,826,323**	4,813,740
Retained earnings	**(89,781,379)**	(87,757,706)
	(520,103)	247,214
Loss for the period	**2,023,673**	2,835,209
Total comprehensive income	**2,023,673**	2,835,209

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2019 (2018: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2019 (2018: nil).

(e) Determining the parent entity financial information

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

20 Parent entity financial information (continued)

(e) Determining the parent entity financial information (continued)

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of CCP Technologies Limited.

(ii) Tax consolidation legislation

CCP Technologies Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, CCP Technologies Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, CCP Technologies Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate CCP Technologies Limited for any current tax payable assumed and are compensated by CCP Technologies Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to CCP Technologies Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities’ financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Contents of the summary of significant accounting policies

21 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of CCP Technologies Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. CCP Technologies Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the CCP Technologies Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

The 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 financial statements, the group is in a net liability position of $550,540 (2018: net assets of $366,491), net current liability position of $576,011 (2018: current asset position of $323,124) and has net operating cash outflows of $1,263,643 (2018: $2,661,687). The group generated a loss after tax for the year of $2,177,277 (2018: $2,833,837). The group's cash position decreased to $40,854 at 30 June 2019.

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 as 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:

- The proven ability of the group to continue to raise necessary funding via the issue of shares as is evident from their successful capital raisings historically, including the capital raise completed in July 2019 where $526,592 in cash was raised and a further $50,000 receivable as a commitment;
- Significant progress has been made on exploiting its intellectual property which is evident by the 93.6% 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

21 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- 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. As disclosed in note 15, negotiations culminated on 2 September 2019, when the group issued 14,513,447 shares at $0.013 each and 4,807,692 at $0.0104 each to suppliers and lenders in lieu of cash payment. This issuance reduced trade and other payables by $238,675.

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.

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

The group had to change its accounting policies without making retrospective adjustments following the adoption of AASB 15. The adoption of both standards had an impact on the current year financial information as disclosed in note 22.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group. The group’s assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**AASB 16 *Leases***
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, 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.
Impact	The group has reviewed all leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect the accounting for the group’s operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of nil, see note 14(b). The group terminated its existing lease agreements in the year ended 30 June 2019 and all leases are now accounted for on a month-by-month arrangement. As such, the impact of AASB 16 on the group was determined to be nil provided month-by-month leasing arrangements continue.
Mandatory application date/ Date of adoption by group	The group will apply the standard from its mandatory adoption date of 1 July 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

21 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(vi) Changes to presentation – classification of expenses

CCP Technologies Limited decided in the current financial year to change the classification of its expenses in the consolidated statement of profit or loss. We believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries CCP Technologies Limited is operating in. The comparative information has been reclassified accordingly.

(vii) Changes to presentation – classification of cash flows

CCP Technologies Limited decided in the current financial year to change the classification of interest received and interest paid in the consolidated statement of cash flows from operating to investing and financing activities, respectively. The comparative information has been reclassified accordingly.

(b) Principles of consolidation

(i) Subsidiaries

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

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is CCP Technologies Limited's functional and presentation currency.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

21 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet
- income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition

The accounting policies for the group’s revenue from contracts with customers are explained in note 2.

(f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

21 Summary of significant accounting policies (continued)

(f) Income tax (continued)

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 14)]. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a major line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the profit or loss and other comprehensive income. Where a decision is made to treat a major line of business or area of operations as discontinued the comparative information is restated to reflect as if that major line of business or area of operations had been discontinued in the prior period.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 5(b) for further information about the group’s accounting for trade receivables and note 10(b) for a description of the group's impairment policies.

(l) Investments and other financial assets

(i) Classification

From 1 July 2019, the group classifies its financial assets in the following measurement categories:

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

21 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) 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.

(iv) Impairment

From 1 July 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. 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 IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 10(b) for further details.

(m) Property, plant and equipment

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

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (note 21(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

21 Summary of significant accounting policies (continued)

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 17.

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(p) Contributed equity

Ordinary shares are classified as equity.

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

(q) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares

21 Summary of significant accounting policies (continued)

(q) Loss per share (continued)

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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

22 Changes in accounting policies

(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 materially impacted the amounts disclosed in these 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').

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 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. As disclosed in note 10(b), the net increase to loss allowances under the expected credit loss model on adoption of AASB 9 on 1 July 2018 was $5,747. The loss allowance calculated as at 30 June 2019 amounted to $5,136.

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

Trade receivables

The accounting policies applied by the group from 1 July 2018 are set out in note 21(k).

22 Changes in accounting policies (continued)

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

Investments and other financial assets

The accounting policies applied by the group from 1 July 2018 are set out in note 21(l).

(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 has been applied as at 1 July 2018 using the modified retrospective approach and 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 impacted the disclosure of revenue with this now disaggregated into three distinct streams: (1) monitor tag revenue, being proceeds from the sale of physical temperature monitoring components; (2) monitoring subscription revenue, representing the service fees for capturing and reporting the data taken from the monitor tags on a subscription basis; and (3) consulting revenue, representing the service fees for other ad hoc programming and development activities.

Revenue recognition of monitor tag revenue and monitoring subscription revenue was not materially impacted by the adoption of AASB 15 as these revenue streams were recognised and measured on a basis consistent with the recognition and measurement criteria of the new standard. The accounting policies in note 2 are consistent with previous accounting treatment prior to the adoption of AASB 15.

The application of the five-step revenue recognition process did have a material impact on amounts of consulting revenue disclosed. Management assessed each consulting revenue contract open during the year and determined whether all performance obligations had been completed or not by year end. As a practical expedient permitted under AASB 15, only those contracts still open at 30 June 2019 were analysed further to ensure revenue was only recognised when (or as) the group satisfied a performance obligation by transferring the promised service to the customer (i.e. satisfying the transfer of control criterion). Due to variations between each contract, up front payments and changes to projects during the term of engagement, judgement was used in estimating the completion of performance obligations and allocating the transaction price to each performance obligation. Management identified amounts of revenue that would have previously been recognised under AASB 118 upfront could no longer be recognised until distinct performance obligations were satisfied. On that basis, the group now shows a contract liability for deferred revenue on the consolidated balance sheet with $58,170 recognised as at 30 June 2019. On initial application of AASB 9, the assessed impact of deferred revenue was determined to be immaterial due to the lower consulting revenues recorded in the year ended 30 June 2018 and fewer contracts remaining open at 1 July 2018 from the previous period.

As a practical expedient permitted under AASB 15, the group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the group otherwise would have recognised is 12 months or less.

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

Revenue recognition

The accounting policies applied by the group from 1 July 2018 are set out in note 21(e).

In the directors' opinion:

(a) the financial statements and notes set out on pages 26 to 64 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, 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 30 June 2019 and of its performance for the financial year ended on that date, and

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

Note 21(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

Mr Adam Gallagher
Executive Director and Chief Executive Officer

Melbourne
30 September 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of CCP Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CCP Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2019, 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 report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 21(a)(iii) 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 opinion is not modified in respect of this matter.

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.

Revenue recognition under AASB 15: Revenue from Contracts with Customers (AASB 15)

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures about revenue recognition are included in Note 2(c), which details the accounting policies applied following the implementation of AASB 15 Revenue from Contracts with Customers. The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2019 and the Group was required to change its accounting policies to align with the new standard. The recognition of revenue largely depends on the terms of the underlying contracts with customers. Contracts can be complex and bespoke. In particular, significant judgment and estimation are required by the Group in determining the amount of revenue recognised for licences and other multiple obligation customer contracts, and the timing of when this revenue is recognised. The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the Group's revenue recognition policy's for compliance with Australian Accounting Standards. • Developing understanding of the various revenue streams and the Group's revenue recognition policies for each streams though discussions with management and assessment; • Reviewing a sample of key customer contracts for each revenue streams with multiple obligations to determine whether revenue was recognised in accordance with the Group's accounting policies and the requirements of the Australian Accounting Standards. • Testing a sample of revenue transactions and reviewing the terms and conditions of the executed contracts and other supporting evidence to ensure that the accounting treatment had been correctly applied, including evaluating whether performance obligations had been met and revenue had been recognised in the correct period. • Performing a detailed analysis of revenue and the timing of its recognition based on expectations derived from our knowledge of the Group's products and the market it operates in.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 21 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of CCP Technologies Limited, for the year ended 30 June 2019, 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.

BDO Audit Pty Ltd

M Cutri
Director

Brisbane, 30 September 2019

The shareholder information set out below was applicable as at 27 September 2019.

A. Distribution of equity securities

Ordinary shares

Analysis of numbers of equity security holders by size of holding:

Holding	No. of holders	Ordinary shares
1 - 1000	128	24,950
1,001 - 5,000	36	90,610
5,001 - 10,000	11	100,416
10,001 - 100,000	323	15,682,212
100,001 and over	413	493,943,231
	911	509,841,419

There were 325 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
K&M HOLDINGS AUSTRALIA PTY LTD <THE NILLAHCOOTIE A/C>	35,840,430	7.03
MAINLINE SOLUTIONS PTY LIMITED	33,249,873	6.52
S & M FRENCH INVESTMENTS PTY LTD	28,984,983	5.69
KARTHEEK MUNIGOTI SHANKAR RAO <THE SRISKANDA A/C>	25,341,882	4.97
PENTA GLOBAL BLOCKCHAIN FOUNDATION LTD	23,172,159	4.54
HONGMEN CAPITAL HOLDINGS PTY LTD	18,366,575	3.60
FIRST GROWTH FUNDS LIMITED	15,090,370	2.96
EQUITAS NOMINEES PTY LIMITED <PB-600853 A/C>	12,000,869	2.35
MR CHANG LIANG ZHANG + MRS DAN YUN WEI	11,958,788	2.35
MR MURRAY EDWARD BLEACH + MRS NORMA LEIGH EDWARDS <THE BLEACH SUPER A/C>	11,631,929	2.28
MR KEVIN JOHN CAIRNS + MRS CATHERINE VALERIE CAIRNS <CAIRNS FAMILY SUPER A/C>	10,000,000	1.96
MR CLARENCE NYAP-WATT TAN <DR C TAN FAMILY A/C>	9,326,922	1.83
MR PETER JAMES MULDOON	7,100,000	1.39
SILVAN BOND PTY LTD	6,000,000	1.18
CLAYWORTH PTY LTD <THE CLAYWORTH SUPER FUND A/C>	5,615,385	1.10
MR XIAONIU BAO	5,511,641	1.08
MR CHRIS CARR + MRS BETSY CARR	4,800,000	0.94
SADDLERY AUSTRALIA PTY LTD <THE JRS A/C>	3,920,000	0.77
EQUITAS NOMINEES PTY LIMITED <PB - 601625 A/C>	3,766,666	0.74
MINSK PTY LTD	3,752,570	0.74
	275,431,042	54.02

B. Equity security holders (continued)

Unquoted equity securities

4,000,000 unlisted options vesting on 15 December 2018 and expiring on 15 December 2020 with an exercise price of $0.10 per option.

1,533,000 unlisted options vesting on 15 December 2017 and expiring on 15 December 2019 with an exercise price of $nil per option.

1,446,550 unlisted options vesting on 21 November 2019 and expiring on 20 November 2021 with an exercise price of $0.10 per option.

43,062,350 unlisted options vesting on 7 December 2018 and expiring on 10 December 2020 with an exercise price of $0.030 per option.

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
K&M HOLDINGS AUSTRALIA PTY LTD <THE NILLAHCOOTIE A/C>	35,840,430	7.03
MAINLINE SOLUTIONS PTY LIMITED	33,249,873	6.52
S & M FRENCH INVESTMENTS PTY LTD	28,984,983	5.69

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: on a show of hands every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options: no voting rights.