CIRRALTO LIMITED

ABN 67 099 084 143

Statutory Financial Report

For the year ended 30 June 2019

CIRRALTO LIMITED
FINANCIAL REPORT 30 JUNE 2019

Cirralto Limited

Annual Report, 30 June 2019

ABN: 67 099 084 143

CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of Corporate Governance. Where deemed appropriate, the Company follows the best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, an explanation is given in the Corporate Governance Statement.

The Company's Corporate Governance Statement is available on the Company's website at www.cirralto.com.au

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Cirralto Limited (ASX: CRO) (referred to hereafter as 'the Company' or 'Cirralto' or 'the Group'), and the entities it controlled for the financial year ended 30 June 2019.

Directors

The Directors of Cirralto Limited during the year and up to the date of this report are shown below:

Mr Peter Richards	Non-Executive Chairman	Appointed 12 January 2018
Mr Howard Digby	Non-Executive Director	Appointed 1 August 2019
Mr Marcus L'Estrange	Non-Executive Director	Appointed 11 November 2014 resigned 22 July 2019
Mr Stephen Dale	Non-Executive Director	Appointed 5 April 2014
Mr Adrian Floate	Managing Director	Appointed 21 September 2018
	Executive Director	Appointed 10 November 2016
Mr Michael Mulvey	Managing Director	Appointed 12 July 2017 resigned 21 September 2018
	Chief Executive Officer	Appointed 17 May 2017 resigned 28 September 2018

Mr Peter Richards

Peter Richards is a qualified independent director and has over 35 years of international business experience with global and regional companies including British Petroleum (including its mining arm Seltrust Holdings), Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. During his time at Dyno Nobel, he held a number of senior positions with the North American and Asia Pacific businesses, before being appointed as Chief Executive Officer and Managing Director in Australia (2005 to 2008).

Peter currently serves as Non-executive chairman of Elmore Limited (previously known as IndiOre Limited) since 2017 and non-executive director since 2009. He is also a Non-executive director of Graincorp Limited and Chairman of Emeco Holdings Limited.

He resigned as chairman of Baralaba Coal limited in 2016.

Mr Stephen Dale

Stephen Dale has business experience in telecommunications, logistics, retail furniture and saddlery ventures. Since 2003 he has been a Board member of Saddleworld Australia franchised retail group, having served as chairman and currently the deputy chairman. He has also served as a Board member of Assumption College Kilmore for 14 years. In addition, his current activities also include providing support services to the retail sector and development of a beef cattle breeding stud.

He has had no other directorships of listed corporations in the last three years.

Mr Marcus L'Estrange

Marcus L'Estrange is an engineer with extensive experience in the IT industry as well as the mining industry, the oil and gas industry, and the environmental industry. He has been involved with the start-up of several successful companies within these sectors. He has a diverse range of skills as an engineer as well as in sales, marketing and business development.

Previously, Marcus helped to start up the oil and gas software company, Engenius Software. In the position of Engineering Sales Manager, over a period of 4 years he succeeded in selling their exploration software globally to the major western oil & gas companies and the majority of offshore exploration companies, helping to grow the business on an international scale and he resided in the USA and Europe during this period. While contracted to BHPB Petroleum Marcus developed and implemented their Quality Assurance Purchase Order Databases for management of purchase orders relating to BHPB Petroleum offshore facilities.

Marcus is a co-founder of Raptor Global Corporation Ltd. He is also Chairman of Neopharma Technologies Ltd, a Director of Drilling Resource Partners Pty Ltd and a Non-Executive Director of Potash Global Ltd.

He has had no other directorships of listed corporations in the last three years.

DIRECTORS' REPORT

Mr Adrian Floate

Adrian Floate is an IT innovator who has been building software for 20 years. He has founded, built, and sold several technology businesses and worked in Asia, Australia, the UK and US. Adrian has both private and public company experience at an executive level. He is a business strategist that looks to overcome complex problems with software automation solutions. Adrian has worked in supply chain management systems since 1997 and has experience in manufacturing, wholesale distribution, retail and eCommerce.

Adrian's career includes designing and developing Bunning's BITS system EDI over IP network, the development and commercialisation of Australia's first SET payments gateway, the development and commercialisation of a Windows Mobile based email platform that pre-dated the Blackberry equivalent technology, designed the CAPlink EDI network for the automotive industry in conjunction with the Capricorn Society, co-founding the CLANG online car service portal and in more recent times leading the Appstablishment software team to create award-winning mobile App's for business collaboration. He is the founder and Director of Cirralto Business Services Pty Ltd which has been instrumental in providing the online portal to utilise Cirralto's conversion software to provide a global online service.

He has had no other directorships of listed corporations in the last three years.

Mr Michael Mulvey

Michael Mulvey has had an extremely impressive career in the technology sector with significant senior leadership experience. He has a strong track record of achieving value creating growth through innovation and disciplined strategies. Bringing a wealth of senior executive experience in key management positions across a wide range of companies, Michael joined the Company with a strong sales, management development and growth ethos bringing more than 30 years of technology industry leadership across New Zealand, Australia, and Asia.

Michael has enjoyed successful careers at Nokia and Tait Communications in senior positions across most aspects of Executive Management and has extensive industry knowledge across many technology fields and industry verticals. Michael joined Nokia in 1992 and quickly rose through the ranks to Managing Director for Nokia New Zealand after which he was promoted to the role of Managing Director of Nokia Hong Kong Limited. During this time he drove strong and rapid growth across all aspects of the addressable market. After a period of time successfully establishing and growing personal business interests in the development of global wine production and export business, Michael re-entered the technology world in 2012 and joined Tait Communications as Regional Sales Manager of Asia Pacific. He was instrumental in successfully changing the way that Tait approached the market by opening up channel sales and restructuring the approach to direct sales. He held this role until late 2016.

Michael ceased being a director of Cirralto Limited on 21 September 2018.

Mr Howard Digby

Howard Digby is a professional business leader with wide ranging international experience across a variety of industries and markets and has a proven track record in starting and growing businesses. Howard's recent director experience includes exposure to disruptive early stage technology, Israeli based provision of high security and bandwidth data voice and video communications technology, IT services, including cloud migration and cybersecurity, cloud-based application software in the healthcare sector, and a Silicon Valley based next generation memory technology. Howard holds a Bachelor of Engineering (Hons), Mechanical Major from the University of W.A.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Cirralto Limited were:

	Shares		Options	
Director:	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**
Peter Richards	2,894,737	7,322,113	4,500,000	-
Marcus L'Estrange*	-	16,746,944	-	4,212,742
Stephen Dale	400,000	1,100,000	-	-
Adrian Floate	13,003,348	42,866,943	-	13,500,000
Michael Mulvey*	-	-	13,500,000	-
Howard Digby	-	-	-	-
Total	**16,298,085**	**68,036,000**	**18,000,000**	**17,712,742**

*Michael Mulvey ceased being a director on 21 September 2018, he still held the options as per table above.

*Marcus L'Estrange ceased being a director on 22 July 2019, he still held the options as per table above.

DIRECTORS' REPORT

Company Secretary

Mr Justyn Stedwell

Justyn Stedwell has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

Justyn has over twelve years' experience acting as a Company Secretary of ASX listed companies in a wide range of industries. He is currently also Company Secretary of several ASX listed companies.

Dividends

The Company did not pay any dividends during the financial year (2018: nil). The Directors do not recommend the payment of a dividend in respect of the 2019 financial year.

Principal Activities

The economic entity's principal activities during the course of the financial year were the development and commercialisation of technology assets that enable modernisation of business IT systems via conversion, migration, and management of server-based legacy data and systems to the cloud.

Remuneration Report

The remuneration report required under section 300A(1) of the *Corporations Act 2001* is set out within this report and forms part of the Directors' Report.

Review and Results of Operations

Cirralto Limited owns, licenses and operates technology assets and services that enable modernisation of business IT systems via the conversion, migration and management of server-based legacy data and systems to an integrated cloud-based solution. The Company supplies a toolbox of digital technologies which enables businesses to retain essential data while migrating across to cloud-based, fully connected and integrated systems.

The table below details key financial information for the year ended 30 June 2019 (FY19), in comparison to the 2018 (FY18) results.

	30 June 2019 $	30 June 2018 $	Movement
Revenue from continuing operations	670,732	301,553	369,179
Cost of services rendered	(498,463)	(472,448)	(26,015)
Employee & directors' benefits expense	(1,422,798)	(1,210,910)	(211,888)
Impairment of assets	(2,537,598)	(1,720,568)	(817,030)
Share-based payment expense	(681,840)	(1,503,847)	822,007
Other expenses	(1,567,070)	(1,834,424)	267,354
Income tax expense	-	-	-
Statutory net loss after income tax	**(6,037,037)**	**(6,440,644)**	**403,607**

Revenue for the 2019 reporting period was $670,732 compared to the 2018 revenue of $301,553, representing an increase of 122% driven by significant wins within the pool services industry, development of new business segments and an expansion in service capabilities.

During the year the Company successfully raised approximately $1.5m from the issuance of approximately 48m shares from a placement to institutional and sophisticated investors. In September 2018, the Company undertook a non-renounceable 1:8 entitlements issue providing eligible shareholders with the ability to subscribe for one new share for every eight shares held. The company raised approximately $179,999 under the rights issue. In addition, the company raised $1,608,089 from a placement to institutional and sophisticated investors in February 2019. The funds have enabled the development of the company's cloud based IP for data migration and payment services. Much of the company's development will enable continued growth in customer acquisition, revenue diversification and the broadening of the company's addressable market.

During the fourth quarter of 2018 the Company's financial performance was adversely impacted by a major restructure within Telstra, which resulted in the Company no longer participating in the Telstra Digital Commerce Programme. The direct impact of this was a reversal of the majority of deferred revenue. This continued to impact the company for the first 3 quarters of the 2019 financial year.

The statutory net loss after tax for FY19 reporting period was $6,037,037 compared to FY18 of $6,440,644 representing a decrease of 6% however these results reflect a significant item of $2,537,598 in FY19 which mainly represents a non-cash impairment recognised.

DIRECTORS' REPORT

Operating costs (excluding impairments) have decreased compared to last year, given the reduction in the executive, elimination of non-essential and restructure of the company's leases

Closing cash on hand at year end was $100,942 following the utilisation of $2,578,121 for operating activities and $1,763,182 for software development expenditure (excluding impairment) against collections of $743,245 and receipt of funds from placements of $3,877,971 (net of costs).

Significant changes in the state of affairs

Other than as referred to elsewhere in this report, there have been no other significant changes in the state of affairs.

DIRECTORS' REPORT

Going Concern

For the year ended 30 June 2019, the consolidated entity incurred a loss of $6,037,037 (2018: $6,440,644), had cash outflows from operating activities of $2,198,096 (2018: $3,983,728), and a net asset position of $3,087,614 (2018: net asset position of $4,484,811).

As at 30 June 2019 the Group had cash and cash equivalents of $100,942 (June 2018: $569,399).

The Group's ability to continue as a going concern and meet its commitments as and when they fall due is dependent on the ability of the Group to meet its future cash forecasts. The financial report has been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

i. Capital Raisings Activities

The Board has demonstrated a strong history of successful capital raisings. The Company successfully raised approximately $1.5m from the issuance of approximately 48m shares from a placement to institutional and sophisticated investors in August 2018. The directors of Cirralto subscribed for $100,000 in the placement. In September 2018, Cirralto undertook a non-renounceable 1:8 entitlements issue providing eligible shareholders with the ability to subscribe for one new share for every eight shares held, the Company raised approximately $179,999 under the rights issue. In addition, the Company raised $1,608,089 from a placement to institutional and sophisticated investors in February 2019.

ii. Expected Cash inflow from Products and Solution Sales

The consolidated entity continues to invest in development software that extends its migration capabilities into core business operations. The migration technologies are now mature enough that the company can efficiently migrate a customer to the cloud. Once in the cloud, the company is now delivering technologies that enable the customer to improve their business operations including technologies for sales, service, point of sales, procurement, inventory management and warehousing. The company has completed significant developments and is nearing the launch of its payments products. All development initiatives have been focused on improving our customer experience that in turn increases the wallet share within our customer and expands the types and scale of customers we are able to attract. This investment in future technologies will further grow the business offering and generate diversified revenue streams for the company. This will enable Cirralto to have a solid platform of technologies and IT resources to underpin its growth and revenue initiatives.

The directors are confident in the business plan and that the consolidated entity will continue as a going concern. The financial report has therefore been prepared on that basis. Should the Group not be able to raise sufficient capital through the options being considered by the board and/or not achieve the revenue forecast in the business plan, there exists a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern and the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Subsequent events after the balance date

Since June 30, the company has continued to expand its market share. The company has announced its contract win with Clark Rubber group and has commenced the roll out of the program of works designed to sustain the Clark Rubber group into the future. The company has also developed several new programs.

Likely developments and expected results

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in the Review and Results of Operations.

DIRECTORS' REPORT

Environmental regulation

The Group is currently not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Share Options

Shares under Option

As at 30 June 2019, there existed the following unlisted options.

Date Granted	Expiry Date	Exercise Price	Number of Shares Under Option	Vested & Exercisable
7 September 2017	30 June 2022	$0.045	27,000,000	13,500,000
15 December 2017	15 December 2020	$0.045	5,500,000	5,500,000
22 December 2017	22 December 2019	$0.047	4,521,274	4,521,274
25 January 2018	25 January 2020	$0.045	2,600,000	2,600,000
3 May 2018	30 November 2020	$0.077	3,000,000	2,000,000
3 May 2018	3 May 2021	$0.054	4,500,000	4,500,000
3 May 2018	3 May 2019	$0.057	175,439	175,439
3 May 2018	3 May 2021	$0.082	7,500,000	7,500,000
28 February 2019	28 February 2022	$0.040	5,000,000	5,000,000
2 May 2019	2 May 2021	$0.025	32,000,000	32,000,000
			91,796,713	77,296,713

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year and up to the report date no ordinary shares were issued as a result of the exercise of options.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company held an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Directors or Officers of the Company or any related body corporate against any liability incurred as such a Director or Officer. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of premium.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

Proceedings on Behalf of the Company

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

Corporate Governance

The Company has reviewed its corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) and the Company's corporate governance. The Corporate Governance Statement is available at www.cirralto.com.au.

Meetings of Directors

The following table sets out the number of Directors' Meetings held during the financial year and the number of meetings attended by each Director (while they were a Director).

During the financial year, 12 Board meetings were held. During the year there were no committees of the Board.

Director:	Board Meetings	
	Number Eligible to Attend	Number Attended
Peter Richards	12	12
Marcus L'Estrange	12	12
Stephen Dale	12	12
Adrian Floate	12	11
Michael Mulvey	12	12

DIRECTORS' REPORT

Audit Services

During the year the following fees were paid or payable for services provided by the auditor.

	2019 $	**2018** $
Audit and review of financial statements	70,329	30,606
Non-audit services	5,500	16,500
	75,829	**47,106**

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2019 has been received and can be found on page 17.

Signed in accordance with the resolution of the Board of Directors.

Peter Richards

Chairman

30 September 2019

DIRECTORS' REPORT

Remuneration Report (Audited)

The Directors present the Company's remuneration report for the period 1 July 2018 to 30 June 2019 (FY19) (Report).

The Report has been prepared in accordance with the disclosure requirement of the *Corporations Act 2001 (Cth),* the regulations made under the Act and Australian Accounting Standard AASB 124: *Related Party Disclosures* and outlines the remuneration arrangements for the Key Management Personnel of the Group (KMP) during FY18. KMP are those persons who directly or indirectly had authority and responsibility for planning, directing and controlling the Group's activities during the reporting period.

The Report contains the following sections:

a) Key management personnel (KMP) covered in this report
b) Remuneration policy and link to performance
c) Elements of executive remuneration
d) Link between executive remuneration and performance
e) Overview of non-executive director remuneration
f) Remuneration expenses for KMP
g) Contractual arrangement with KMPs
h) Use of remuneration consultants
i) Voting and comments made at the company's 2018 Annual General Meeting

a) Key management personnel covered in this report

Name	Position	Term as KMP
Non-Executive Directors		
Peter Richards	Non-Executive Chairman	Full financial year
Marcus L'Estrange	Non-Executive Director	Full financial year, Ceased 22 July 2019
Howard Digby	Non-Executive Director	Appointed 1 August 2019
Stephen Dale	Non-Executive Director	Full financial year
Executive Directors		
Mr Michael Mulvey	Executive Director	Appointed 12 July 2017, Ceased 21 September 2018
	Chief Executive Officer	Appointed 17 May 2017, Ceased 21 September 2018
Mr Adrian Floate	Executive Director	Full financial year
	Managing Director	Appointed 21 September 2018

b) Remuneration and link to performance

Remuneration Policy

The remuneration of all Executives and Non-Executive Directors, Officers and Employees of the Company is determined by the Board.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with best practice including the interests of shareholders. From time to time, the Board may engage external remuneration consultants to assist with this review.

Executive Remuneration policies and framework

We reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. Executives receive fixed remuneration and variable remuneration consisting of short-term incentive (STI) and long-term incentive (LTI) opportunities.

DIRECTORS' REPORT

Remuneration Report (Audited)

The chart below provides a summary of the structure of executive remuneration in FY19:

Structure of Executive Remuneration FY19

Fixed Remuneration

Base salary + superannuation + benefits

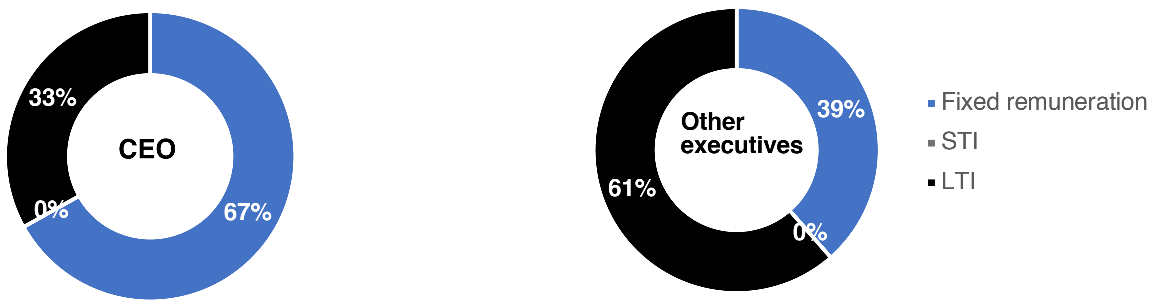
Variable Remuneration

STI plan	LTI plan
Cash	Options (5 years)
Maximum 25 % of Base salary subject to the achievement of annual performance conditions	Vest upon achievement of set performance conditions

Remuneration mix- target

The target remuneration mix for FY19 is shown in figure 2 below. It reflects the value of the LTIs granted during the year, using the fair value of share options at grant date.

Target remuneration mix for FY19



c) Elements of executive remuneration

Fixed remuneration

Executives may receive their fixed remuneration as cash. Fixed remuneration is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Board aims to position executives at or near the median, with flexibility to take into account capability, experience, and value to the organisation and performance of the individual.

Superannuation is included in fixed remuneration. There were no increases to fixed remuneration during this financial year.

Short-term incentives

The purpose of a performance-based bonus is to reward individual and team based on performance in line with Company objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured by Key Performance Indicators (KPIs).

The Company uses a number of KPIs to determine achievement, depending on the role of the Executive being assessed.

These include:

- successful contract negotiations
- successful revenue generation
- achievement of project milestones within budget and on time

No STI targets were set by the Board for FY19. Due to the Company's financial performance during the 2019 financial year no STI bonuses were approved for executives. The Board is currently determining the structure of STIs for FY20.

DIRECTORS' REPORT

Remuneration Report (Audited)

Long-term incentives

During FY18, the Board invited the Executives to apply for a grant of options (Executive Incentives) subject to shareholders' approval. The Company views the issue of options to executives as a form of incentive-based remuneration to encourage and reward the efforts by executives to improve the performance of the Company to the commercial benefit of all Shareholders No options were issued in FY19 to the Executives.

Executive Incentive Grants in FY18

Executive Incentive Grants	These options were split into two tranches with separate vesting criteria as follows:
Performance hurdle	Tranche 1 will vest when the Company achieves revenue of more than $2,000,000 in any 12 month period in the first 24 months following the acquisition of Cirralto Business Services Pty Ltd (CBS) Tranche 2 will vest when the Company achieves revenue of more than $6,000,000 in any 12 month period in the first 36 months following the acquisition of CBS
Exercise price	$0.045
Issue price	Options issued for nil consideration
Expiry date	30 June 2022
Forfeiture and termination	Options will lapse if performance conditions are not met.

Executive Incentive Grants in FY18

The establishment of Cirralto Limited's Employee Share Option Plan (ESOP) was approved by shareholders at the 2018 annual general meeting. The ESOP is designed to provide long-term incentives to eligible employees and executive directors of the Group to assist in the motivation, retention and reward of participants. The key terms of the ESOP are outlined below:

ESOP Rules

Eligibility	The plan is open to all employees of the Group, or other person (eligible employees) declared by the Board to be eligible.
Instrument	Grants will comprise options. Each option represents a right to acquire one ordinary share in the Company subject to the satisfaction of the applicable vesting conditions, the exercise of the option and payment of the exercise price.
Terms and conditions applicable to an offer under the ESOP	The Board has absolute discretion to determine the terms and conditions applicable to an offer under the ESOP including: • any conditions to be satisfied before an option will be granted • any vesting, performance or other conditions required to be satisfied before options vest and may be exercised • the options exercise period • any applicable issue price or exercise price • the closing date and expiry date
Forfeiture and termination	Options will lapse if performance conditions are not met. In the event of employment cessation, the eligible participant will have 90 days from the date of cessation of the employment agreement to exercise any vested options, or as the Board expressly determines. Unexercised options will lapse after 90 days of the date of termination of the employment agreement, or as the Board expressly determines.

d) Link between executive remuneration and 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.*

Company Performance	2019	2018	2017	2016	2015
Revenue ($)	670,732	301,553	37,955	6,000	40,000
Net loss before tax ($)	(6,037,037)	(6,440,644)	(1,938,065)	(1,773,798)	(744,568)
Net loss after tax ($)	(6,037,037)	(6,440,644)	(1,938,065)	(1,773,798)	(744,568)
Key management remuneration	1,258,769	1,288,805	365,153	162,000	154,703
Share price at the end of year	0.01	0.06	0.04	0.01	0.01
Dividend ($)	-	-	-	-	-
Basic earnings per share ($)	(0.013)	(0.02)	(0.03)	(0.03)	(0.02)
Diluted earnings per share ($)	(0.013)	(0.02)	(0.03)	(0.03)	(0.02)

DIRECTORS' REPORT

Remuneration Report (Audited)

e) Overview of non-executive director remuneration

Non-Executive Directors are remunerated out of the maximum aggregated amount approved by shareholders and at a level that is consistent with industry standards. In determining non-executive fees, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The maximum annual Non-Executive Directors fee pool limit is $250,000 and was approved by shareholders at the annual general meeting on 30 November 2006.

The table below summarises Board fees payable to Non-Executive Directors for FY19 (inclusive of superannuation where applicable):

Board fees	$
Chair	36,000
NED	30,000

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. Non-Executive Directors may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. Non-Executive Directors do not receive performance-based bonuses or retirement allowances. Prior Shareholder approval is required to participate in any issue of equity.

DIRECTORS' REPORT

Remuneration Report (Audited)

f) Remuneration expenses for KMP

The following table sets out the details of the remuneration of the directors and the key management personnel of the Group for the financial year ended 30 June 2019.

	Fixed Remuneration				Variable Remuneration		
KMP	Salary & Fees	Post-employment benefits[1]	Other	Annual & Long Service Leave	STI Bonus accrued	LTI Value of Equity	Total
	$	$	$	$	$	$	$
Non-Executive Directors							
Peter Richards	28,583	-	-	-	-	103,799	132,382
Marcus L'Estrange	30,000	-	-	-	-	-	30,000
Stephen Dale	30,000	-	-	-	-	-	30,000
Executive Directors	-	-	-	-	-	-	-
Michael Mulvey[2]	136,121	7,105	-	-	-	254,479	397,705
Adrian Floate	275,000	26,125	-	159,995	-	136,042	597,162
TOTAL	**499,704**	**33,230**	-	**159,995**	**-**	**494,320**	**1,187,249**

1. Post-employment benefits comprise superannuation payments and any voluntary fee sacrifice to superannuation.
2. Michael ceased being a director of Cirralto Limited on 21 September 2018.

DIRECTORS' REPORT

Remuneration Report (Audited)

The following table sets out the details of the remuneration of the directors and the key management personnel of the Group for the financial year ended 30 June 2018.

	Fixed Remuneration				Variable Remuneration		
KMP	**Salary & Fees**	**Post-employment benefits[1]**	**Other**	**Accrued & Long Service Leave**	**STI Bonus accrued**	**LTI Value of Equity**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Peter Richards	16,417	-	-	-	-	31,993	48,410
Marcus L'Estrange	33,387	-	-	-	-	-	33,387
Stephen Dale	30,000	-	-	-	-	-	30,000
Shaun Melville	12,500	-	-	-	-	5,143	17,643
Executive Directors							
Michael Mulvey	300,000	28,500	-	1,917	-	262,640	593,057
Adrian Floate	275,000	26,125	-	2,543	-	262,640	566,308
TOTAL	**667,304**	**54,625**	**-**	**4,460**	**-**	**562,416**	**1,288,805**

1. Post-employment benefits comprise superannuation payments and any voluntary fee sacrifice to superannuation.

DIRECTORS' REPORT

Remuneration Report (Audited)

Other transactions with key management personnel and their related parties

During the financial year, related interests of Adrian Floate received a total of $1,191,000 (2018: $1,629,527) in additional consulting fees on normal commercial terms.

Refer to note 18 for further details.

Options Granted as part of Remuneration

No options were granted to any Directors and Executives during the financial year ended 30 June 2019.

KMP interests in CRO shares

The table below details the movements in the number of shares held by KMP during FY19 and the comparative year FY18. Up until the date of this report, there has been no change to these interests since year end.

2019 Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Peter Richards	1,000,000	2,894,737	6,322,113	-	10,216,850
Stephen Dale	1,500,000	-	-	-	1,500,000
Marcus L'Estrange	34,413,611	-	-	(17,666,667)	16,746,944
Adrian Floate	38,260,312	12,559,916	5,050,063	-	55,870,291
	75,173,923	**15,454,653**	**11,372,176**	**(17,666,667)**	**84,334,085**

DIRECTORS' REPORT

2018 Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Peter Richards	-	-	1,000,000	-	1,000,000
Stephen Dale	1,500,000	-	-	-	1,500,000
Marcus L'Estrange	4,974,424	-	31,385,976	(1,946,789)	34,413,611
Adrian Floate	-	-	38,260,312	-	38,260,312
Shaun Melville	4,974,424	-	31,528,056	(36,502,480)	-
Michael Mulvey	-	-	-	-	-
	11,448,848	**-**	**102,174,344**	**(38,449,269)**	**75,173,923**

g) Contractual arrangement with KMPs

The following Directors and Senior Executives were under contract at 30 June 2019:

	Title	Agreement Commenced	Details	Duration	Notice Required
Directors					
Peter Richards	Non-Executive Director, Chairman	13 December 2017	Director's fee of $2,500 per month	No Fixed Term	No Notice Period
Mr Stephen Dale	Non-Executive Director	5 April 2014	Director's fee of $2,500 per month	No Fixed Term	No Notice Period
Mr Marcus L'Estrange	Non-Executive Director	11 November 2014	Director's fee of $2,500 per month and $3,000 per month while Chairman	No Fixed Term	No Notice Period
Executives					
Mr Adrian Floate	Executive Director	10 November 2016	Fixed fee of $25,017 including superannuation per month	No Fixed Term	3 months

DIRECTORS' REPORT

Remuneration Report (Audited)

h) Use of remuneration consultants

Cirralto Limited did not use a remuneration consultant during the current financial year.

Voting and comments made at the Company's 2018 Annual General Meeting

The Company did not receive any specific feedback at the AGM or throughout 2019 on its remuneration practices. The Company received 99.7% of 'for' votes in relation to its remuneration report for the year ended 30 June 2019.

End of Remuneration Report (Audited)

Auditor's independence declaration under Section 307C of the Corporations Act 2001

To the directors of Cirralto Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2019 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen | Director

Perth
30 September 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
Revenue from continuing operations	4a	670,732	301,553
Cost of services rendered		(498,463)	(472,448)
Other Income	4b	7,939	5,949
Employee & directors' benefits expense	5a	(1,422,798)	(1,210,910)
Depreciation and amortisation expense	5b	(290,664)	(528,766)
Impairment of intangible assets and goodwill	5b	(2,537,598)	(1,720,568)
Consulting fees	5c	(51,575)	(311,124)
Legal and other professional fees		(119,613)	(163,684)
Regulatory listing fees		(58,546)	(97,068)
Occupancy expenses		(204,754)	(166,106)
Share-based payment expense	16	(681,840)	(1,503,847)
Other expenses		(837,243)	(511,800)
Finance costs		(12,614)	(61,825)
Loss before income tax		**(6,037,037)**	**(6,440,644)**
Income tax expense	6	-	-
Loss after income tax		**(6,037,037)**	**(6,440,644)**
Loss for the year after income tax attributable to owners of Cirralto Limited		**(6,037,037)**	**(6,440,644)**
Other comprehensive loss for the year, net of tax			-
Total comprehensive loss for the year attributable to owners of Cirralto Limited		**(6,037,037)**	**(6,440,644)**
Loss per share for the year ended attributable to the members of Cirralto Limited			
- Basic (loss) per share (cents per share)	7	(1.30)	(2.44)
- Diluted (loss) per share (cents per share)	7	(1.30)	(2.44)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
Assets			
Current assets			
Cash and cash equivalents	8	100,942	569,399
Trade and other receivables	9	328,312	324,536
Other current assets	10	131,864	135,386
Total current assets		**561,118**	**1,029,321**
Non-current assets			
Property, plant & equipment		4,402	7,649
Intangible assets and goodwill	12	3,099,280	4,155,988
Total non-current assets		**3,103,682**	**4,163,637**
Total assets		**3,664,800**	**5,192,958**
Liabilities			
Current liabilities			
Trade and other payables	13	554,260	534,287
Provisions		22,926	173,860
Total current liabilities		**577,186**	**708,147**
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		**577,186**	**708,147**
Net assets / (liabilities)		**3,087,614**	**4,484,811**
Equity			
Contributed equity	15	60,195,983	56,238,006
Share-based payment reserve	16	2,185,687	1,503,847
Accumulated losses		(59,294,056)	(53,257,042)
Total equity / (deficiency)		**3,087,614**	**4,484,811**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated			
	Contributed Equity $	Share-based payment reserve $	Accumulated Losses $	Total Equity/ (Deficiency) $
30 June 2018				
Balance as at 1 July 2017	**45,400,961**	**-**	**(46,816,398)**	**(1,415,437)**
Loss for the year	-	-	(6,440,644)	(6,440,644)
Total Comprehensive loss for the year	**-**	**-**	**(6,440,644)**	**(6,440,644)**
Transactions with owners in their capacity as owners:				
Issue of share capital	11,156,740	-	-	11,156,740
Transactions costs related to share issue	(319,695)	-	-	(319,695)
Share-based payment transactions	-	1,503,847	-	1,503,847
Balance as at 30 June 2018	**56,238,006**	**1,503,847**	**(53,257,042)**	**4,484,811**
30 June 2019				
Balance as at 1 July 2018	**56,238,006**	**1,503,847**	**(53,257,042)**	**4,484,811**
Loss for the year			(6,037,037)	(6,037,037)
Total Comprehensive loss for the year			**(6,037,037)**	**(6,037,037)**
Transactions with owners in their capacity as owners:				
Issue of share capital	4,182,520	-	-	4,182,520
Transactions costs related to share issue	(224,543)	-	-	(224,543)
Adjustment relating to ConvertU2 Online	-	-	23	23
Share-based payment transactions		681,840		681,840
Balance as at 30 June 2019	**60,195,983**	**2,185,687**	**(59,294,056)**	**3,087,614**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated	
	Note	30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Receipts from customers		743,245	182,706
Interest received		-	4,274
Payments to suppliers and employees		(2,930,453)	(4,136,946)
Bank charges and interest paid		(10,888)	(33,762)
Net cash used in operating activities	20	**(2,198,096)**	**(3,983,728)**
Cash flows from investing activities			
Cash acquired from CBS acquisition		-	224
Payment for intangible assets		(1,763,182)	-
Acquisition of non-current assets		(5,125)	(745,644)
Net cash used in investing activities		**(1,768,307)**	**(745,420)**
Cash flows from financing activities			
Other loans		-	(21,831)
Proceeds from issue of shares		3,722,489	5,316,330
Payment of share issue costs		(224,543)	-
Net cash inflow from financing activities		**3,479,946**	**5,294,499**
Net (decrease)/increase in cash and cash equivalents		(468,457)	565,351
Cash at beginning of financial year		569,399	4,048
Cash at end of financial year	8	**100,942**	**569,399**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Corporate Information

Cirralto Limited (referred to as "Cirralto" or the "Company") is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: CRO). The consolidated financial statements of the Company as at and for the year ended 30 June 2019 comprise the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which does not form part of this financial report.

Note 2 Summary of Significant Accounting Policies

a) Basis of preparation

These general purpose financial statements for the year ended 30 June 2019 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Cirralto Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS
The consolidated financial statements and notes of the Group also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for available for sale financial assets and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. The financial report is presented in Australian dollars.

(iii) New and amended standards adopted by the Group
The Group had adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The Group had elected to early adopt AASB 15 *Revenue from Contracts with Customers* as issued in December 2015, which would otherwise be mandatorily effective for annual reporting periods beginning on or after 1 January 2018. The initial application date for the Group is 1 July 2017. The Group had elected to apply the Standard retrospectively with a cumulative effects of initially applying the Standard at 1 July 2017. The cumulative effect of applying this Standard at 1 July 2017 was not material.

(iv) 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 intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. 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, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Likely impact on initial application	Cirralto is yet to undertake a detailed assessment of the impact of AASB 16. However, the standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has one non-cancellable operating lease commitment of $53,900 expiring on 30 August 2020. Given the Standard is expected to be applied for the financial year ended 30 June 2020, the remainder of the lease term will be less than 12 months as at 30 June 2020. There is therefore no material impact expected to the financial results from adoption of this standard. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-to-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

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

Note 2 Summary of Significant Accounting Policies (continued)

b) Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of Cirralto Limited and its subsidiaries as at 30 June each year. Control is achieved where the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Company are allocated their share of net profit after tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from parent shareholders' equity.

c) Going concern

For the year ended 30 June 2019, the consolidated entity incurred a loss of $6,037,037 (2018: $6,440,644), had cash outflows from operating activities of $2,198,096 (2018: $3,983,728), and a net asset position of $3,087,614 (2018: net asset position of $4,484,811).

As at 30 June 2019 the Group has cash and cash equivalents of $100,942 (June 2018: $569,399).

The Group's ability to continue as a going concern and meet its commitments as and when they fall due is dependent on the ability of the Group to meet its future cash forecasts. The financial report has been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

i. Capital Raisings Activities

The Board has demonstrated a strong history of successful capital raisings. The Company successfully raised approximately $1.5m from the issuance of approximately 48m shares from a placement to institutional and sophisticated investors in August 2018. The directors of Cirralto subscribed for $100,000 in the placement. In September 2018, Cirralto undertook a non-renounceable 1:8 entitlements issue providing eligible shareholders with the ability to subscribe for one new share for every eight shares held, the Company raised approximately $179,999 under the rights issue. In addition, the Company raised $1,608,089 from a placement to institutional and sophisticated investors in February 2019.

ii. Expected Cash inflow from Products and Solution Sales

The consolidated entity continues to invest in the development software that extends its migration capabilities into core business operations. The migration technologies are now mature enough that the company can efficiently migrate a customer to the cloud. Once in the cloud, the company is now delivering technologies that enable the customer to improve their business operations including technologies for sales, service, point of sales, procurement, inventory management and warehousing. The company has completed significant developments and is nearing the launch of its payments products. All development initiatives have been focused on improving our customer experience that in turn increases the wallet share within our customer and expands the types and scale of customers we are able to attract. This investment in future technologies will further grow the business offering and generate diversified revenue streams for the company. This will enable Cirralto to have a solid platform of technologies and IT resources to underpin its growth and revenue initiatives for 2019.

The directors are confident in the business plan and that the consolidated entity will continue as a going concern. The financial report has therefore been prepared on that basis. Should the Group not be able to raise sufficient capital through the options being considered by the board and/or not achieve the revenue forecast in the business plan, there exists a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern and the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2 Summary of Significant Accounting Policies (continued)

d) Operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Board of Directors and the Executive Management Team (the chief operating decision maker).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the Company's other components) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments, assess its performance and for which discrete financial information is available.

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

e) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

f) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets.

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

g) Investments and other financial assets

Investments and other financial assets are measured at either fair value through profit or loss, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

h) Property, plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their estimated useful lives.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Note 2 Summary of Significant Accounting Policies (continued)

h) Property, plant and equipment

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised through profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Profit or Loss in the year the asset is derecognised.

i) Intangible assets

i) Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

ii) Software
Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

iii) Research and development
Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

iv) Amortisation methods and useful lives
The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- IT Development and software 3 – 5 years

j) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Interest- bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in Profit or Loss when the liabilities are derecognised and as well as through the amortisation process.

Note 2 Summary of Significant Accounting Policies (continued)

k) Interest- bearing loans and borrowings

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

The fair value of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

l) Share-based payment transactions

The Company provides benefits in the form of share-based payments to all employees. The establishment of Cirralto Limited's Employee Share Option Plan (ESOP) was approved by shareholders at the 2017 annual general meeting. The ESOP is designed to provide long-term incentives to eligible employees and executive directors of the Group to assist in the motivation, retention and reward of participants. Under the ESOP, eligible participants may be offered options which may be subject to vesting conditions set by the Board. Details of the Plan rules are set out within the remuneration report and within note 16.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The estimation of the fair value of the awards requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions. The estimation of any market based performance conditions are incorporated into the valuation model used to determine the fair value of the awards whereas non-market based performance conditions are not included in the determination of fair value. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting date has expired and
- the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Profit or Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

m) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Note 2 Summary of Significant Accounting Policies (continued)

n) Revenue recognition

Revenue is recognised for a contract with a customer when certain criteria are met:

- a signed contract is in place;
- each party's rights and obligations be determined;
- payment terms are identified;
- the transaction has commercial substance;
- and whether it is probable that the consideration will be collectable.

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

(i) Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Other income
Other income is recognised when it is received.

(iii) Research and development tax refund

The research and development tax refund is not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to the refund and that the refund will be received.

(iv) When performance obligations are met
At contract inception, Cirralto will assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer. The following performance obligations have been identified:

1. Hardware supply
2. data migration and implementation services
3. integration services (SAAS) and licence fees
4. support services.

Revenue is recognised when the performance obligation is satisfied either over time or at a point in time. Revenue in regard to hardware supply, data migration and implementation services, integration services and licence fees are recognised at a point in time whilst support services are recognised over time.

o) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

Note 2 Summary of Significant Accounting Policies (continued)

o) Income tax

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Cirralto Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Cirralto Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the "separate tax payer within the group approach" in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company 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.

p) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

q) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

Note 2 Summary of Significant Accounting Policies (continued)

r) Business combinations

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

The consideration transferred is the sum of the acquisition date fair values of the assets transferred and/or liabilities incurred by the acquirer. All acquisition costs are expensed as incurred to profit and loss.

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

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

s) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

t) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to continually make judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and Intangible assets
The Company tests annually or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated above. This requires an estimation of the recoverable amount of the cash-generating units (CGU) to which the goodwill and intangible assets are allocated. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

In performing the value-in-use calculations, the Group has applied the following key assumptions:

- Revenue forecasts for a four-year forecast period based on detailed FY20 budget and FY21-FY23 projections;
- A growth rate to extrapolate cashflows beyond the three-year period of 2.5%; and
- A discount rate applied to forecast cash flows of 15.4%.

Note 2 Summary of Significant Accounting Policies (continued)

t) Critical accounting judgements, estimates and assumptions

Discount rates reflect the Group's estimate of the time value of money and the risks specific to the CGU that are not already reflected in the cash flows. Growth rates are considered appropriate given the specific industry in which the Group operates and its business risks.

(ii) Estimation of useful lives of assets
Estimated useful lives of depreciable property, plant and equipment assets are reviewed on a regular basis and at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

(iii) Share-based payments
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes valuation method, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 16. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Note 3 Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, convertible notes and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for credit allowances, and future cash flow forecast projections.

Risk exposures and responses

Interest rate risk

The Group's exposure to market interest rate related primarily to the Group's cash deposits.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rates:

		Consolidated	
	Note	2019 $	2018 $
Cash and cash equivalents		100,942	569,399
Net		**100,942**	**569,399**

The directors have reviewed the Group's exposure to interest rate risk and do not consider it to be significantly impacted by sensitivity to interest rate movements.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securities its trade and other receivables.

Note 3 Financial risk management objectives and policies (continued)

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.

Fair value

The carrying values at the reporting date of financial assets and financial liabilities, such as receivables and payables, are assumed to approximate fair values due to their short-term nature. For other financial assets, such as financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments recognised at fair value at 30 June 2019 have been classified within Level 1.

Liquidity risk

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

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

Note 4 Revenue and other income

	Consolidated	
	2019 $	2018 $
4a Revenue		
Revenue from rendering of services	670,732	301,553
	670,732	**301,553**
4b Other Income		
Interest revenue	430	4,274
Other income	7,509	1,675
	7,939	**5,949**

Note 5 Expenses

		Consolidated	
		2019 $	2018 $
5a	**Employee & Directors' benefits expense**		
	Directors' remuneration	692,929	726,389
	Employee & company secretary fees	729,869	484,521
		1,422,798	**1,210,910**
5b	**Depreciation, amortisation & impairment expenses**		
	Depreciation	18,872	26,711
	Amortisation	271,792	502,055
	Total Depreciation & amortisation expense	**290,664**	**528,766**

Note 5 Expenses (continued)

		Consolidated	
		2019 $	2018 $
	Impairment charges:		
	Goodwill	825,811	-
	Intangible assets	1,711,787	1,720,568
		2,537,598	**1,720,568**
5c	**Consulting fees**		
	IT services	-	195,077
	Corporate & funding strategy services	30,000	89,000
	Other consulting services	21,575	27,047
		51,575	**311,124**

Note 6 Income tax expense

The Company has not recognised any deferred tax assets or liabilities in respect to the current year (2018: nil).

At 30 June 2019, the net deferred tax assets have not been brought to account as realisation is not currently regarded as probable. Deferred tax assets on losses will only be available for recoupment if:

(i) *The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;*
(ii) *The Company continues to comply with the conditions for deductibility imposed by the law; and*
(iii) *No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.*

Tax consolidation

Cirralto Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group from 1 July 2006 under the tax consolidation regime. Cirralto Limited is the head entity of the consolidated group.

Note 6 Income tax expense

	Consolidated	
	2019 $	2018 $
Reconciliation between prima facie tax on loss from ordinary activities to statutory income tax expense:		
Loss before income tax expense from continuing operations	(6,037,037)	(6,440,644)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)	(1,660,185)	(1,771,177)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 27.5% (2018: 27.5%)		
Tax effect of:		
Add:		
Impairment of assets	697,839	473,156
Non-deductible expenses	2,880	149,205
Temporary differences not recognised	(31,329)	(40,161)
Less:		
Losses carried forward not recognised	990,795	1,188,977
Income tax benefit/(expense)	-	-

Note 6 Income tax expense (continued)

	Consolidated	
Unrecognised deferred tax assets and (liabilities) as at 30 June 2019 comprise:	Deferred tax assets $	Deferred tax liabilities $
Intangible assets	-	(917,223)
Other assets	-	(36,263)
Trade & other payables	11,000	-
Provisions	6,305	-
Unused tax losses	7,388,480	-
Unrecognised deferred tax assets and (liabilities) before set-off	7,405,785	(953,486)
Set-off of deferred tax liabilities	(953,486)	953,486
Net unrecognised deferred tax asset	**6,452,299**	-

The tax losses identified above have been estimated on the basis of available information. It has not been determined if the company has met the continuity of ownership test to enable all or part of these losses to be utilised.

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2019 as set out in the table above, the Company also has estimated accumulated capital losses of $856,779 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

Note 7 Earnings per share

Basic earnings or loss per share are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings or loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Share options are considered to be anti-dilutive and not used in the calculation of diluted EPS.

	Consolidated	
	2019 $	2018 $
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Loss after income tax expense from continuing operations	(6,037,037)	(6,440,644)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	465,107,341	264,285,317
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	465,107,341	264,285,317
Basic loss per share (cents per share)	(1.30)	(2.44)
Diluted loss per share (cents per share)	(1.30)	(2.44)

Note 8 Cash and cash equivalents

	Consolidated	
	2019 $	2018 $
Cash at bank and in hand	100,942	569,399
	100,942	**569,399**

Note 9 Trade and other receivables

	Consolidated	
	2019 $	2018 $
Trade receivables	212,568	136,959
Interest free loans to employees	52,006	-
Interest free loans to shareholders	27,999	-
Accrued revenue based on revenue recognition	-	45,479
Other receivables	35,739	142,098
	328,312	**324,536**

(a) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on-sell) receivables to special purpose entities.

(b) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 3.

Note 10 Other current assets

	Consolidated	
	2019 $	2018 $
Prepaid insurance	21,459	6,468
Prepaid development costs	-	100,000
Other assets	110,405	28,918
	131,864	**135,386**

Note 11 Controlled entities

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

		Percentage Owned (%)*	
	Country of Incorporation	2019 %	2018 %
Parent Entity:			
Cirralto Limited	Australia		
Subsidiaries of Cirralto Limited:			
Cirralto Business Services Pty Ltd	Australia	100%	100%
ConvertU2 Online Pty Ltd	Australia	100%	100%
Lemon & Lime International Pty Ltd	Australia	100%[1]	100%
Modac Group Pty Ltd	Australia	100%[1]	100%

* Percentage of voting power is in proportion to ownership

[1] Entities were deregistered from 1 August 2019

Note 12 Intangible assets

	Consolidated	
	2019 $	2018 $
Software development – at cost (a)	2,507,682	755,000
Less: Provision for impairment	(1,711,787)	-
Less: Accumulated amortisation	(347,510)	(75,718)
	448,385	679,282
Intangible contract on acquisition of CBS – at cost (b)	-	2,814,990
Less: Accumulated amortisation	-	(380,300)
Less: Provision for impairment	-	(1,660,568)
Less: Deferred tax liability on the fair value of intangible asset acquired	-	(774,122)
	-	-
Goodwill on acquisition of CBS – at cost (c)	3,476,706	3,476,706
Less: Provision for impairment	(825,811)	-
	2,650,895	3,476,706
Total intangible assets and goodwill	**3,099,280**	**4,155,988**

(a) Software development costs

Software consists of capitalised development costs. Development costs consist of customised applications that integrate data through the use of cloud enabled technologies, specifically the Poolbox solution. The directors assessed the useful life of the asset as 5 years.

As at 30 June 2019, the Company performed the relevant impairment testing of its cash-generating unit. The Group assessed that the recoverable value of its CGU was less than its carrying value at reporting date. Accordingly, an impairment of the CGU was required to be recognised.

Management tested that recoverable amount of the Group CGU adopting the value in use method related only to revenue recognized in relation to the software development costs.

As a result, the recoverable amount of the CGU was estimated to be lower than the carrying amount and accordingly an impairment of $1,711,787 was recognised against the software development costs.

(b) Intangible Contract

The acquisition of CBS included a contract whereby CBS formed a partner alliance to become accredited resellers and enablement partners within Telstra Limited. As announced on 27 July 2018, the Company received notice that it would no longer be participating in the Telstra Digital Commerce programme. Given the termination of the contract relationship, the directors decided to fully impair the carrying amount of the asset at 30 June 2018.

(c) Goodwill

Goodwill represents other intangible assets of the business not explicitly recognised on the balance sheet and includes assembled workforce, technical expertise, distribution channels, customer service capability, product and service support and geographic presence. It will not be deductible for tax purposes. The Group tests whether goodwill has suffered any impairment on an annual basis.

As at 30 June 2019, the Company performed the relevant impairment testing of its cash-generating unit. The relevant CGU is the entity as a whole. The Group assessed that the recoverable value of its CGU was less than its carrying value at reporting date. Accordingly, an impairment of the CGU was required to be recognised. Management tested the recoverable amount of the Group CGU adopting the value in use method.

As a result, the recoverable amount of the CGU was estimated to be lower than the carrying amount and accordingly an impairment of $825,811 was recognised against goodwill.

Note 12 Intangible assets (continued)

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

	Consolidated			
	Goodwill	Software	Trademarks & IP $	Total $
Opening balance at 1 July 2017	**-**	**174,764**	**-**	**174,764**
Additions	3,476,706	755,000	2,814,990	**7,046,696**
Amortisation	-	(142,754)	(380,300)	**(523,054)**
Impairment of intangible assets	-	-	(1,720,568)	**(1,720,568)**
Deferred tax liability on fair value of intangible asset acquired	-	-	(774,122)	**(774,122)**
Loss on disposal of asset	-	(107,728)	-	**(107,728)**
Reversal of asset held for sale	-	-	60,000	**60,000**
Closing balance at 30 June 2018	**3,476,706**	**679,282**	**-**	**4,155,988**
Opening balance at 1 July 2018	**3,476,706**	**679,282**	**-**	**4,155,988**
Additions	-	1,752,682	-	**1,752,682**
Amortisation	-	(271,792)	-	**(271,792)**
Impairment of intangible assets and goodwill	(825,811)	(1,711,787)	-	**(2,537,598)**
Closing balance at 30 June 2019	**2,650,895**	**448,385**	-	**3,099,280**

Note 13 Trade and other payables

	Consolidated	
	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade payables	172,838	300,966
Sundry payables and accrued expenses	381,422	233,321
	554,260	**534,287**

Note 14 Convertible notes

	Consolidated	
	2019 $	2018 $
Convertible Notes	-	444,652
Less: Transaction cost of notes issued	-	-
Add: Interest accrued	-	28,063
Less: Value of notes converted	-	(472,715)
Convertible Notes	-	-

Note 15 Contributed equity

	Consolidated	
	2019 $	2018 $
Ordinary shares	60,195,983	56,238,006
	60,195,983	**56,238,006**

Ordinary shares

Ordinary shareholders have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and moneys paid up on shares held. The fully paid ordinary shares have no par value. Ordinary shareholders are entitled to one vote, either in person or by proxy at a meeting of the Company.

Consolidated				
Ordinary shares	2019		2018	
	No. Shares	$	No. Shares	$
Opening balance	**342,670,041**	**56,238,006**	**72,258,638**	**45,400,961**
Rights issue and share placements	317,587,465	4,182,520	127,909,265	5,636,025
Issued to creditors in lieu of settlement	-	-	100,000	10,000
CBS acquisition	-	-	132,500,000	5,035,000
Share issue via conversion of convertible notes	-	-	9,902,138	475,715
Transactions costs related to share issue	-	(224,543)	-	(319,695)
Closing balance	**660,257,506**	**60,195,983**	**342,670,041**	**56,238,006**

The gearing ratios at 30 June 2019 and 30 June 2018 were as follows:

	Consolidated	
	2019 $	2018 $
Total borrowings	577,186	708,147
Less: cash and cash equivalents	(100,942)	(569,399)
Net debt	476,244	138,748
Total equity	**3,087,614**	**4,484,811**
Gearing ratio	**15%**	**3%**

Note 16 Share Based Payment Reserve

	Consolidated	
	2019 $	2018 $
Opening Balance	**1,503,847**	-
Unlisted options issued during the year	116,000	1,503,847
Vesting charge on previously issued options	565,840	-
Closing balance	**2,185,687**	**1,503,847**

Note 16 Share Based Payment Reserve (continued)

The establishment of Cirralto Limited's Employee Share Option Plan (ESOP) was approved by shareholders at the 2017 annual general meeting. The ESOP is designed to provide long-term incentives to eligible employees and executive directors of the Group to assist in the motivation, retention and reward of participants. Details of the Plan rules are set out within the remuneration report.

The following table represents the various securities issued by the Company during the year and their fair value:

Fair values of awards							
Grant date	Award type	Vesting date	Vesting conditions	Expiry date	Number of options	Fair value	Exercise price
7 Sep 2017	Executive performance options	7 Sept 2018 7 Sept 2020	Performance condition	30 June 2022	27,000,000	0.0359	0.0450
15 Dec 2017	Issued for professional services rendered	15 Dec 2017	None	15 Dec 2020	5,500,000	0.0453	0.0450
22 Dec 2017	Issue relating to conversion of convertible notes in accordance with the terms of the notes	22 Dec 2017	None	22 Dec 2019	4,521,274	0.0469	0.0470
25 Jan 2018	Issued for professional services rendered	25 Jan 2018	None	25 Jan 2020	2,600,000	0.0572	0.0450
3 May 2018	Non-executive Director performance options	3 May 2019	Service condition	3 May 2021	4,500,000	0.0447	0.0540
	Issued for professional services rendered	3 May 2018	None	3 May 2021	7,500,000	0.0405	0.0820
				3 May 2019	175,439	0.0293	0.0570
	Employee performance options	30 Oct 2018 3 May 2019	Performance condition	30 Nov 2020	3,000,000	0.0386	0.077
28 Feb 2019	Broker options issued to Hartleys for consideration of corporate advisory and capital raising services	28 Feb 2019	None	28 Feb 2022	5,000,000	0.0040	0.040
2 May 2019	Broker options issued to Hartleys for consideration of corporate advisory and capital raising services	2 May 2019	None	2 May 2021	32,000,000	0.0030	0.025

The estimation of the fair value of the awards requires judgement with respect to the appropriate methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions. The fair value for the options granted was determined by using the Black-Scholes model.

Valuation assumptions

	2019	2018
Volatility	175.1% - 176.8%	113.9% - 175.6%
Risk free Interest rate	2%	2%

Note 16 Share Based Payment Reserve (continued)

Set out below are summaries of options granted during the year:

	Consolidated			
	2019		2018	
	Average exercise price per share option	Number of options	Average exercise price per share option $	Number of options
As at 1 July	0.053	54,796,713	-	-
Granted during the year	0.003	37,000,000	0.053	54,796,713
Expired during the year	-	-	-	-
Forfeited during the year	-	-	-	-
As at 30 June	**0.06**	**91,796,713**	**0.053**	**54,796,713**

No options expired during the periods covered by the above tables. At 30 June 2019 the weighted average contractual life of the above options was years 2.99 (2018: 3.74).

Note 17 Segment reporting

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity operates predominantly in the IT industry and a single geographic segment being Australia.

At regular intervals, the CODM is provided management information at a consolidated level for the entity's cash position, the carrying values of intangible assets and a cash flow forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

Note 18 Related party disclosure

Director and key management personnel related entities

The following entities have been determined to be related party entities:

Entity	Director/Key Management Personnel
CU2 Global Pty Ltd	CU2 Global Pty Ltd ("CU2G") is a related party entity. It is an associate of Cirralto Limited. Mr Stephen Dale is a director of both Cirralto Limited and CU2G.
Raptor Global Corporation Ltd	Raptor Global Corporation Ltd ("Raptor") is a related party entity. Mr Marcus L'Estrange and Mr Shaun Melville are both directors of Cirralto Limited and Raptor.
Appstablishment Pty Ltd	Appstablishment Pty Ltd ("Appstablishment") is a related party entity. Mr Adrian Floate is a shareholder through his interests in Appstablishment Software Group.
Appstablishment Software Group Pty Ltd	Appstablishment Software Group Pty Ltd ("ASG") is a related party entity. Mr Adrian Floate is a shareholder through his interests in Rare Air Nominees Pty Ltd.
Floating Assets Trust	Floating Assets Trust is a related party entity in which Mr Adrian Floate has a beneficial interest.
Rare Air Nominees Pty Ltd	Rare Air Nominees Pty Ltd ("Rare Air") is a related party entity. Mr Adrian Floate is a director of both Cirralto Limited and Rare Air.

Note 18 Related party disclosure (continued)

Share Issued to Related Entities

The following shares were issued to related entities during the year:

Issue Date	Entity	No. Shares	Issue Price
1 Nov 2019	Rare Air Nominees Pty Ltd	4,762,994	$0.031
15 Jan 2019	Rare Air Nominees Pty Ltd	2,105,263	$0.0095
2 May 2019	Appstablishment Software Group Pty Ltd	5,474,316	$0.0095
Total		**12,342,573**	

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in the remuneration report in the directors' report and note 19.

Transactions with related parties

During the year, services have been provided by or to directors' related entities as follows:

Director	Entity	Nature	2019 $	2018 $
Services provided by directors' related entities				
Mr Marcus L'Estrange	Raptor Global Corporation Ltd	Consulting services & Capital raising fees	-	156,958
Mr Shaun Melville	Raptor Global Corporation Ltd	Consulting services & Capital raising fees	-	156,958
Mr Adrian Floate	Appstablishment Pty Ltd	IT services	1,191,000	1,563,163

Sales to and purchases from related parties are made on an arm's length basis at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

All intercompany transactions are eliminated on consolidation.

Parent entity

Cirralto Limited is the ultimate parent entity.

During the year, the parent entity provided loan funds to its subsidiaries of $6,527,356 (2018: 2,913,295) which consisted of net cash funding of $6,527,356 (2018: $2,913,295). These loans carry no interest charge and have no set date for repayment.

Subsidiaries & associates

Interests in subsidiaries and associates are set out in note 11 and 12.

Note 19 Key management personnel disclosures

Compensation

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

	Consolidated	
	2019 $	2018 $
Short-term employee benefits:		
Cash salary, fees and short-term compensation	692,929	726,389
Long-term employee benefits		
Share-based payments	494,320	562,416
	1,187,249	**1,288,805**

Shareholding

Refer to the remuneration report which contains the number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties.

Note 19 Key management personnel disclosures (continued)

Option holding
Refer to the remuneration report which contains the number of options granted to directors during the 2019 financial year.

Note 20 Cash flow information

	Consolidated	
	2019 $	2018 $
Reconciliation of Cash Flow from Operations with Loss before Income Tax		
Loss before Income Tax	(6,037,037)	(6,440,644)
Cash flows excluded from loss attributable to operating activities		
Non-cash Flows in Loss		
Depreciation, amortisation & impairment charges	2,828,262	2,249,334
Share-based payments	681,840	1,503,847
Non-cash loans to employees and shareholders	80,005	-
Non-cash issue of shares to Directors in lieu of wages and fees	380,025	-
Interest expenses	10,888	28,063
Loss on disposal of asset	-	107,726
Other non-cash adjustments	(13,375)	(312,657)
Impairment on receivables	9,555	15,832
Changes in assets and liabilities:		
(Increase)/Decrease in trade and term receivables	(3,776)	(314,715)
(Increase)/Decrease in other current assets	(3,522)	(129,112)
Increase/(Decrease) in trade payables, accruals and provisions	(130,961)	(691,402)
Net cash used in operating activities	**(2,198,096)**	**(3,983,728)**

Note 21 Parent entity information

As at and throughout, the financial year ended 30 June 2019, the parent company of the consolidated entity was Cirralto Limited. The results and financial position of the parent entity are detailed below:

	Consolidated	
	2019 $	2018 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(6,035,318)**	(6,216,130)
Total comprehensive income	**(6,035,318)**	**(6,216,130)**
Statement of financial position		
Current assets	216,678	732,171
Non-current assets	3,035,120	4,013,454
Total assets	**3,251,798**	**4,745,625**
Current liabilities	164,184	260,814
Non-current liabilities	-	-
Total liabilities	**164,184**	**260,814**
Net Assets/(liabilities)	**3,087,614**	**4,484,811**

Note 21 Parent entity information (continued)

	Consolidated	
	2019 $	2018 $
Equity		
Contributed equity	60,195,983	56,238,006
Share-based payment reserve	2,185,687	1,503,847
Accumulated losses	(59,294,056)	(53,257,042)
Total Assets/(deficiency)	**3,087,614**	**4,484,811**

Note 22 Auditor's remuneration

	Consolidated	
	2019 $	2018 $
Remuneration of the auditor of the parent entity for:		
- Auditing and Reviewing the Financial Report and interim financial statements	70,329	30,606
- Tax and accounting advice	5,500	16,500
	75,829	**47,106**

Note 23 Events occurring after the reporting date

Since June 30, the company has continued to expand its market share. The company has announced its contract win with Clark Rubber group and has commenced the roll out of the program of works designed to sustain the Clark Rubber group into the future. The company has also developed several new programs.

Note 24 Contingent assets/liability

There are no contingent liabilities as at 30 June 2019.

DIRECTORS' DECLARATION

The directors of Cirralto Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors' Report set out on pages 9 to 16 are in accordance with the Corporations Act 2001, including:

(i) 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

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory financial reporting requirements; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a); and

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

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

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

Dated in Sydney on 30 September 2019

Peter Richards

Chairman

Independent Audit Report to the Members of Cirralto Limited

Report on the financial report

Opinion

We have audited the financial report of Cirralto Limited ("the Company"), including its subsidiaries ("the Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the entity 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 2(c) in the financial report, which indicates that the consolidated entity incurred a net loss of $6,037,037 during the year ended 30 June 2019 and had cash outflows from operating activities of $2,198,096 and as at that date reported a cash balance of $100,942. As stated in Note 2(c), these events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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.

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Key audit matter	How our audit addressed the key audit matter
Impairment of the goodwill and intangible assets (Notes 5b and 12 of the financial report) Given the constantly changing and competitive nature of the industry in which the Group operates as well as net operating losses and net operating cash outflows in the current and prior financial years, there is a risk that there could be a material impairment to goodwill and intangible asset balances. Determination as to whether or not there is an impairment relating to an asset or Cash Generating Unit (CGU) involves significant judgement about the future cash flows and plans for these assets and CGUs. The impairment of the goodwill and intangible assets was a key audit matter because the model involved key assumptions and judgements which had material impacts on the impairment assessments.	Our audit procedures included, amongst others: • We held various discussions with management to understand the assumptions used in the impairment models; • We assessed whether the CGU appropriately included all directly attributable assets and liabilities; • We assessed the reasonableness of the cash flow projections used in the impairment models; • We assessed the reasonableness of key assumptions including the discount rate, terminal growth rate and forecast growth assumptions; • We also performed sensitivity analysis by adjusting the key inputs into the cash flow projections; and • Having determined the change in assumptions (individually or collectively) that would be required for the CGU to be impaired, we considered the likelihood of such a movement in those key assumptions arising. We evaluated the adequacy of the disclosures included in the financial report, Notes 5b and 12.

Other information

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

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

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

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the Directors' Report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Cirralto 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.

NPAS

Nexia Perth Audit Services Pty Ltd

Muranda Janse Van Nieuwenhuizen | Director

Perth
30 September 2019

Corporate Directory

DIRECTORS
Mr Peter Richards (Non-Executive Chairman)
Mr Marcus L'Estrange (Non-Executive Director)
Mr Howard Digby (Non-Executive Director)
Mr Adrian Floate (Managing Director)
Mr Stephen Dale (Non-Executive Director)

COMPANY SECRETARY
Mr Justyn Stedwell

REGISTERED OFFICE
1B/205-207 Johnston Street
Fitzroy, VIC 3065

OPERATIONAL OFFICE
Level 13, 333 George Street
Sydney, NSW, 2000

AUDITOR
Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street, Perth WA 6000

SOLICITOR
Pointon Partners
Level 14
565 Bourke Street
Melbourne, VIC 3000

BANKER
Westpac Banking Corporation
360 Collins Street, Melbourne
VIC 3000

STOCK EXCHANGE LISTING
The Company is listed on the Australian Securities Exchange.
Home Exchange – Melbourne, Australia

Code:
ASX:CRO

COMPANY WEBSITE
www.cirralto.com.au

SHARE REGISTRY
Automic Registry Services
Level 3, 30 Holt Street
Surry Hills, NSW 2012, Australia
Telephone: 1300 288 664 (local)
+612 9698 5414 (international)
www.automic.com.au

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 26 September 2019.

Substantial shareholders

Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
RARE AIR NOMINEES PTY LTD	42,866,943	6.49%
GOLDFIRE ENTERPRISES PTY LTD	35,233,571	5.34%
MR KEIRAN JAMES SLEE	31,600,000	4.79%

Top 20 Shareholders

Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
RARE AIR NOMINEES PTY LTD	42,866,943	6.49%
GOLDFIRE ENTERPRISES PTY LTD	35,233,571	5.34%
MR KEIRAN JAMES SLEE	31,600,000	4.79%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	29,262,746	4.43%
GOLDFIRE ENTERPRISES PTY LTD	26,716,444	4.05%
BAINPRO NOMINEES PTY LIMITED	23,320,246	3.53%
ELITE SKY INVESTMENT LIMITED	20,133,380	3.05%
TAOS PTY LTD <GEILINGS & CO PTY SUPER A/C>	18,007,103	2.73%
MR ADRIAN JASON FLOATE	13,003,348	1.97%
MR MARK ANDREW LINNEY <M A LINNEY FAMILY A/C>	12,810,932	1.94%
ROGUE INVESTMENTS PTY LTD	10,000,000	1.51%
YAMBALI PTY LTD <LAURIE ZEAITER A/C>	7,894,850	1.20%
MR ANDREW MURRAY GREGOR	7,834,024	1.19%
ANDIUM PTY LTD	7,750,000	1.17%
NORTHERN GRIFFIN PTY LTD	7,352,108	1.11%
MR ANDREW TIMOTHY MANN	7,188,969	1.09%
MR JAKOB DANIEL LE ROUX & MS HALINA ESTELLA SELWYN-CROSS	7,086,930	1.07%
MR JODET DURAK	6,800,000	1.03%
LJR CONSTRUCTIONS PTY LTD	6,491,782	0.98%
MS PAULINE DEBRA FLOATE & MR ADRIAN JASON FLOATE <FERAL55 S/F A/C>	6,075,610	0.92%
Total	327,428,986	49.59%

Range of Shareholders

Range	Total holders	Units	% of Issued Capital
1 - 1,000	49	12,261	0.00%
1,001 - 5,000	25	66,462	0.01%
5,001 - 10,000	10	82,569	0.01%
10,001 - 100,000	176	10,770,682	1.63%
100,001 - 9,999,999,999	394	649,325,731	98.34%
Totals	654	660,257,705	100.00%

Unlisted Options

27,000,000 unlisted options with an exercise price of $0.045 per option are held by 2 individual shareholders.

5,500,000 unlisted options with an exercise price of $0.045 per option are held by 15 individual shareholders.

4,521,274 unlisted options with an exercise price of $0.047 per option are held by 15 individual shareholders.

2,600,000 unlisted options with an exercise price of $0.045 per option are held by 3 individual shareholders.

3,000,000 unlisted options with an exercise price of $0.077 per option are held by 3 individual shareholders.

4,500,000 unlisted options with an exercise price of $0.054 per option are held by 1 individual shareholder.

175,439 unlisted options with an exercise price of $0.057 per option are held by 1 individual shareholder.

7,500,000 unlisted options with an exercise price of $0.082 per option are held by 1 individual shareholder.

5,000,000 unlisted options with an exercise price of $0.040 per option are held by 1 lead broker.

32,000,000 unlisted options with an exercise price of $0.025 per option are held by 1 lead broker.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry.

For change of address, change of name, consolidation of shareholdings, shareholders should contact the Share registry to obtain details of the procedure required for any of these changes.