# CPT Global Limited and Controlled Entities

**ABN 16 083 090 895**

## Annual Financial Report

**for the year ended 30 June 2014**

# Chairman's Statement

Dear Fellow CPT Global Shareholder,

CPT Global delivered a much improved profit in the 2014 financial year driven by the strong performance of our international operations and in particular the North American business. While operating conditions remained difficult in Australia there were some positive indications that this business is stabilising and a number of promising new customer relationships have been established. After much effort over a number of years the strong growth in CPT's international revenue was very pleasing. The ongoing challenge remains the need to convert our extensive pipeline of potential new business into sustainable revenue streams. However as our international business grows the lumpiness of individual projects is gradually being smoothed. Our immediate focus is to maintain our better financial performance and ensure that we can capitalise on our extensive ongoing global business development activities.

CPT's strategy is to grow IT service revenue in all our regions, improve our margins and control costs. The sale of our specialist IT services is a dedicated, intensive and time consuming activity and has been a high priority for our Managing Director Gerry Tuddenham and his global team over the past twelve months.

While the tough domestic market conditions continued in Australia our operations improved their profit margins despite a fall in revenue caused by the continuing reduction in demand from two former major customers. However CPT commenced work with eight new clients in Australia and half of our top ten clients are still based here. The Australian operations remain focused on the sale of profitable business and in providing many of the skilled IT experts required to resource our fast growing international business. The relatively stable and reliable contribution from our Australian business remains important to CPT's future but is not expected to show significant growth until market conditions become more favourable.

In 2014 CPT's international operations grew strongly with revenue now representing almost half of our total revenue. The North American operations delivered a particularly strong result which was driven by the addition of three new clients and an expanded role with existing clients. The team in North America has been strengthened to ensure that we can build on this positive momentum. Our European team were also successful in building revenue through the addition of three new clients. Although activity in Europe slowed in the second half there are some exciting new opportunities that our business development team is seeking to close in the near future. Given the higher profit margin on our international projects the stronger growth in our offshore revenue had a beneficial impact on CPT's overall profitability although this was moderated by movements in the Australian dollar. In Asia we successfully completed our first client engagement in mainland China and will look to do further work there as opportunities allow. Another positive development internationally was the establishment of a global contract with a major financial services company to provide cost optimisation services across their worldwide operations. To date we have provided services to this client in Brazil, Mexico, America and Hong Kong and expect to commence further work elsewhere soon.

CPT's revenue grew by 9% in 2014 to $38.4m with strong growth in both the US and Europe more than offsetting a fall in Australia. Net profit after tax in 2014 of $2.1m was a significant improvement on $0.3m in the prior year and was driven by the stronger performance and higher margins of our international business. The good profit result has enabled CPT to reward shareholders through the payment of a fully franked dividend of 4.5 cents in 2014 after not paying a dividend in the prior year. At the end of the financial year CPT was in a sound financial position with net cash of $2.4m and no debt.

# Chairman's Statement

It is pleasing that in 2014 CPT was finally rewarded for its long term strategy of building a business in major international markets through the export of its talented and world recognised expert IT resources. While our offshore expansion has been slower and more difficult than we initially would have expected, especially given the impact of the Global Financial Crisis and the time consuming sales cycle for our services, it has allowed us to diversify away from a weakening Australian IT market and to build a growing and broader based stream of profits for our shareholders. While this is an exciting and positive phase for CPT our efforts to build our international business on the back of this progress must continue but fortunately there are many significant potential customers for our services. CPT already boasts a blue chip client list that includes many of the world's most significant financial services companies and which would be the envy of most other global IT service providers. Our focus in the next year will be to build on this progress in order that we can achieve the critical mass required to generate the sustainable profits that will provide attractive future returns for our shareholders. While this unrelenting process will continue we should recognise that the long term investment in developing our international operations is now realising attractive rewards for our shareholders that complements and leverages the technical skills of our traditional Australian business.

The key driver of CPT's success is its team of loyal and technically skilled staff and consultants who work tirelessly to serve our clients' needs across our global operations. I would like to thank my fellow directors and all of CPT Global's staff, under the energetic leadership of our Managing Director, Gerry Tuddenham, for their significant efforts in delivering an improved result in 2014. While the team will need to maintain its effort and focus in the year ahead I am confident that our recent progress can be sustained to the ongoing benefit of CPT's shareholders.

Fred S. Grimwade

Chairman

# Managing Director's Review

Fellow Shareholders,

I am pleased to report that the 2013/14 financial year was a year of consolidation for CPT Global, as the International business continued on its growth trajectory and the Australian business stabilised after working through a tough economic climate. CPT grew its client base in all regions and expanded its footprint in a number of existing accounts, creating a solid growth platform for the future. The second half of the year saw an investment in the management and infrastructure required to support the business growth that is expected in the years ahead. Although the Company's financial results were negatively impacted by the strengthening Australian dollar, the improved financial result for the year was due to an enhanced client engagement approach, the success of projects undertaken and the careful management of the Company's resources. The solid growth foundations that were laid in 2013 remain in place to support the growth of the business in to 2014/15 and beyond. We remain confident that CPT is well poised to continue its growth journey and strengthen its financial position in both the International and Australian markets.

## Operating and Financial Review

### International Operations

The International business growth was underpinned by the addition of nine new clients, one of them engaging CPT to provide cost optimisation services to all of its global locations. International revenue increased by 68% compared to prior year levels, predominantly driven by the North American operation where three new clients added more than $1.5 million revenue and a number of significant projects expanded CPT's footprint in pre-existing clients, resulting in 80% year on year growth.

Although growing at a slower rate, the European operation increased its revenue by 49% on last year, with the addition of three large new clients. Unfortunately some of the projects undertaken in the first half of the year were brought to conclusion during the year and have not yet been replaced by new projects, thus constraining the growth of the Region for the year. Negotiations are currently underway with three significant financial institutions to commence projects late in the first quarter. We are confident that at least two of these institutions will engage CPT in the September / October timeframe.

CPT successfully completed its first engagement in mainland China. Whilst it is expected that this will lead to additional projects, CPT's costs remain tightly managed and as such, in the short term CPT will respond to Asian opportunities on a reactive basis.

The success of CPT's risk / reward engagements resulted in the achievement of significantly higher margins than in the previous year.

### Australian Operations

The Australian IT services market remained very tight throughout the year, as large corporations and Government departments continued to tightly manage their IT investments. Although CPT commenced engagements with eight new clients, the financial gains from these assignments were more than offset by two large clients significantly reducing their use of CPT resources, as they undertook their own cost reduction and off shoring initiatives. As a result, CPT's Australian revenue fell by 17% from 2012/13.

Rather than reduce margins in the pursuit of additional revenue, CPT remained selective with respect to the projects undertaken, resulting in improved contract margins. The Australian cost base was tightly controlled as resources were allocated to overseas client projects, where the business grew considerably in the year.

# Managing Director's Review

## Financial Results

CPT Global's revenue for the year ended 30 June 2014 was $38.4 million, a 9% increase on the previous year's revenue of $35.1 million.

CPT Global's net profit after tax for the year ended 30 June 2014 was $2.15m, an increase of $1.83m on the 30 June 2013 result.

A fully franked dividend of 1.5 cents per share (4.5 cents for the year) has been declared.

Basic earnings per share amounted to 5.9 cents per share (diluted earnings 5.8 cents per share).

CPT Global's balance sheet reflected net tangible assets of $6.3m as at 30 June 2014 ($5.4m at 30 June 2013). CPT's cash flow was excellent, resulting in net cash holdings of $2.4m at 30 June 2014 ($1.2m 30 June 2013).

## Strategy

The company's business strategy is to carefully grow the Australian business in the existing tight economic environment whilst supporting the international expansion through the enhancement of management and operational structures to capitalize on the growth opportunities.

Careful growth of the Australian business will be achieved through the continued focus on 'blue chip' companies which maintain large IT environments; and expanding CPT's footprint in existing clients by cross selling value added services. CPT will continue to provide high value solution based services which focus on quality outcomes rather than commoditised, easy transferrable services. CPT will remain selective with respect to the projects it undertakes and not be enticed by competitive lower margin projects. This will ultimately support the maintenance of good margins.

The International business is now at the size that requires a stronger local management structure and an enhanced business development and service delivery capability. CPT has recently hired staff in North America and transferred some Australian executives to Europe to achieve this. Targeted business development campaigns will now be better supported locally and the establishment of local service delivery teams will reduce the need to fly consultants around the world, reducing travel expenses and giving CPT the option of higher margins or more competitive local pricing.

Unlike the North American business which has a steady flow of recurring revenue, the European business remains heavily reliant on risk / reward projects. As a result, its level of profit varies from month to month, dependant on the number of projects being worked on and delays between projects. A key objective for 2014/15 will be to increase the level of annuity revenue in the European Region, so that revenue is less impacted by the hiatus that exists between large projects. This will be achieved through a structured cross selling services program, which provided a significant level of revenue consistency in North America in 2013/14.

As CPT penetrates new markets such as Asia and South America, it will continue to leverage existing business partnerships and Austrade to properly qualify opportunities and subsequently engage with new clients. Global accounts where CPT has already provided successful outcomes, will be used to expand CPT's footprint in to new regions of existing clients.

CPT will continue to grow the Australian Capacity Planning and Performance Tuning Center of Excellence which underpins the scale and flexibility of the company's service offering by enhancing the capability of remotely providing service simultaneously to a range of overseas clients in various geographic locations.

# Managing Director’s Review

## Our People

CPT maintains a truly flexible workforce in terms of the number of resources available and the locations they work around the world. While each CPT location maintains a nucleus of professionals to provide clients with ongoing contact, resources are augmented from the global resource pool and the Capacity Planning and Performance Tuning Centre of Excellence in Australia, to suit client and project needs. CPT staff are continually kept abreast of technical developments through focus group contact, structured training programs and informal training sessions. This ensures capabilities are maintained at the appropriate level. All of this has led to our enhanced ability to deliver a better service more efficiently on a global scale.

## Outlook

CPT’s International market will continue to expand in 2015. Revenue will increase as a result of new client engagements and increased opportunities from global accounts. Margins will remain strong as new risk / reward engagements are undertaken.

The Australian market is expected to remain tough for the foreseeable future. Notwithstanding this, based on the new account relationships established in 2013/14 and the growth of our footprint in existing clients, we expect that Australian revenue will grow modestly in 2014/15, with margins remaining at levels similar to those achieved in 2013/14. Costs will continue to be tightly managed to preserve local profits.

A key driver to the success over the next financial year will continue to be the timing of engagement commencements. We believe that our resourcing model can gear up quickly to respond to the opportunities as they arise. Your Board understands the formula for success and is confident it will deliver on the objectives of the next year of CPT’s strategic plan.

Gerry Tuddenham
Managing Director

# Contents

# Corporate Governance Statement

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

The format of the Corporate Governance Statement is based on the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principals and Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. CPT Global has attempted to comply with all best practice recommendations, but hasn't in some instances due to the size of the Board. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure. CPT Global's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

**Independence**

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. In addition, recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of unfettered and independent judgement. In accordance with this definition, the following directors are not considered to be independent:

- Gerry Tuddenham (Managing Director)
- Peter Wright (Executive Director)

Of the four Board members, the two listed above are not considered to be independent when applying the Council's definition of independence. Despite non compliance with corporate governance best practice, it is believed that Board independence is achieved through the independent chairman who maintains the casting vote. CPT Global considers industry experience and specific expertise to be important attributes of its Board members.

CPT Global's corporate governance practices were in place throughout the year ended 30 June 2014. The corporate governance practises of CPT Global were compliant with the Council's best practice recommendations except where an executive director serves on the Audit Committee, due to the small size of the Board. Best practice recommends that the Audit Committee should be made up of non-executive directors.

**For further information on corporate governance policies adopted by CPT Global, refer to our website: www.CPTglobal.com**

**Diversity Policy**

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

| | 2014 | | 2015 | |
|---|---|---|---|---|
| | No. | % | No. | % |
| Women on the Board | 0 | 0 | 0 | 0 |
| Women in senior management roles | 3 | 19 | 4 | 25 |
| Women employees in the company | 28 | 16 | 35 | 18 |

# Corporate Governance Statement

**Structure of the Board**

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the directors' report on page 12. Directors of CPT Global are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

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

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of CPT Global are considered to be independent:

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

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

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

| Name | Term in office |
|---|---|
| Fred Grimwade | 12 years |
| Alan Baxter | 4 years |
| Gerry Tuddenham | 16 years |
| Peter Wright | 13 years |

**Performance Evaluation**

An annual performance evaluation of:

1. The Board and all Board members was conducted by the full Board for the financial year ended 30 June 2014. The Board developed a questionnaire for all Board members to provide feedback on how they thought the Board had performed. The results from the questionnaire were collated and discussed by the Board. The Board developed a series of recommendations to improve performance and an action plan to implement the recommendations and set the performance criteria and goals for the next year.
2. The senior executive team during the year ended 30 June 2014. This encompassed a review of each of their targeted objectives, the extent to which they were achieved and the establishment of future objectives.

**Remuneration and Nomination Committee**

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

- Alan Baxter (C)
- Fred Grimwade

Note: (C) Designates chairman of the committee.

# Corporate Governance Statement

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

For details of directors' attendance at meetings of the Remuneration and Nomination Committee, refer to page 18 of the Directors' Report.

For details of remuneration of all directors and executives, refer to page 16 of the Directors' Report.

For additional details regarding the Remuneration and Nomination Committee, please refer to our website www.CPTglobal.com.

**Ethical standards**

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

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

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

**Finance and Audit Committee**

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

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

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

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

Note: (C) Designates chairman of the committee.

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

For details of directors' attendance at meetings of the Finance and Audit Committee, refer to page 18 of the Directors' Report.

# Corporate Governance Statement

**Shareholder Rights**

Shareholders are entitled to vote on significant matters impacting on the business. The Board actively encourages shareholders to attend and participate in the Annual General Meeting of CPT Global, to lodge inquiries and to be responded by the Board and or the CEO and are able to appoint proxies.

**Risk Management**

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

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

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

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

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include:

- Board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders’ needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of Key Performance Indicators (KPI’s) of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example, such matters as the financial risks and concerns and occupational health and safety.

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

**Trading Policy**

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

# Directors' Report

Your directors submit their report for the year ended 30 June 2014.

## DIRECTORS

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

### Names, qualifications, experience and special responsibilities

**Fred S Grimwade**
(Non-executive Chairman)

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

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

**Gerry Tuddenham**
(Managing Director)

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

**Alan Baxter**
(Non-executive Director)

Alan is a member of CPT's Finance and Audit Committee and also chairs the Remuneration Committee. He has a strong record of leading profitable growth initiatives, possessing a unique blend of business development skills, commercial acumen and technology expertise. Alan has some 40 years experience across all facets of the IT services industry and has held a number of senior executive roles at IBM and Unisys before his appointment as Chief Executive Officer of DMR Consulting (Asia Pacific). He subsequently moved to London where he became Chief Operating Officer of Fujitsu Consulting (formerly DMR Consulting). On his return to Australia he was appointed to a number of non-executive director roles. He currently serves as a non executive director of Integrated Research Limited.

**Peter Wright**
(Executive Director)

Peter is the leader of CPT's management consulting group and the founder of this practice at CPT. He also leads our government services across Australia and New Zealand. He has more than 40 years experience in consulting and IT management from his early days as a computer science practitioner through a successful career at several international consulting firms. This experience gives him a unique perspective on the business, fuelled by a passion for effective IT management through the application of best practice principles. Before coming to CPT, Peter was the national managing principal for applications outsourcing at IBM Global Services, as well as a consulting director and vice president at DMR Consulting. At DMR, Peter had responsibility for the Systems Delivery and Maintenance Service practice. He has also worked for numerous clients in banking, transportation and government. Peter is a member of the Australian Institute of Company Directors, member of the Australian Computer Society and a member of the Project Managers Institute.

# Directors' Report

**COMPANY SECRETARY**
**Elliot Opolion**

Elliot was appointed as Chief Financial Officer and Company Secretary in October 2010. Elliot brings over 20 years of financial and business management experience to CPT Global Limited, having performed roles of Chief Financial Officer, Chief Operating Officer and General Manager within the IT services sector. He is a Fellow of the Australian Society of Certified Practicing Accountants.

## 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 CPT Global Limited were:

| | Vested Ordinary Shares | Options over Ordinary Shares |
|---|---|---|
| Alan Baxter | - | - |
| Fred S Grimwade | 718,200 | - |
| Gerry Tuddenham | 11,331,926 | - |
| Peter Wright | 164,500 | - |

| **EARNINGS PER SHARE** | **Cents** |
|---|---|
| Basic earnings per share | 5.86 |
| Diluted earnings per share | 5.80 |

| **DIVIDENDS** | **Cents** | **$** |
|---|---|---|
| Final dividends recommended: | | |
| Fully franked final ordinary dividend recommended by the Directors. | 1.5 | 551 |
| | | 551 |
| Dividends paid in the year: | | |
| Fully franked interim ordinary dividend. | 3.0 | 1,101 |
| | | 1,101 |

# Directors' Report

## CORPORATE INFORMATION

**Nature of operations and principal activities**
The principal activities of the economic entity during the financial year were the provision of specialist IT consultancy services based on the following core service offerings:

**Technical Consulting Services**

- Capacity Planning Assurance and Reviews
- Cost Reduction Programs and 'Cost of Running' Reports and Models
- Tuning Services including corporate wide approach to Performance Tuning
- Technical Support including Database and System Administration
- Technical Reviews including Environment and Application Performance
- Architecture Services including Technical Architecture and Design Reviews
- Data Warehousing Solutions
- Stress and Volume Performance Testing
- Test Facilitation and Management

**Management of IT Consulting Services**

- IT Strategic Planning
- Selective Outsourcing / Multi sourcing readiness support and transition services
- IT Outsourcing Contract Services Reviews
- IT Delivery and Support Reviews and Improvement using the Shared Services / ITIL framework
- Senior Project and System Integration Management
- IT Business Metrics Alignment leveraging Balanced Scorecard and 'Cost of Ownership' models
- Business Process Re engineering
- Business Process Improvement
- Information Management Planning
- eBusiness Planning and Implementation
- Business Requirement Definition
- Systems and Technology Integration
- Organisation Change
- Records and Document Management
- Program and Project Management

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

## Employees
The consolidated entity employed 173 employees as at 30 June 2014 (2013: 162 employees).

## OPERATING AND FINANCIAL REVIEW
The 2013/14 financial year was a year of consolidation as the International business grew considerably while the Australian business stabilised, working through a tough local economic environment.

The International business grew by 68%, predominantly in North America (80% growth) and Europe (48% growth), whilst CPT engaged with their first clients in China and South America. The major service offerings in these markets continued to be the provision of IT cost optimisation services on a success fee basis. CPT's unrivalled success in this service resulted in the achievement of strong margins.

# Directors' Report

The Australian IT services market remained very tight throughout the year, as large corporations and Government departments continued to tightly manage their investments. Although eight new clients were added to the Australian client list, the additional revenue resulting from these engagements were more than offset by two existing clients which undertook their own offshoring and cost reduction activities. As a result, the Australian business revenue reduced by 17% from 2012/13. Instead of reducing margin in the pursuit of new revenue streams, CPT remained selective with respect to projects undertaken and increased the level of fixed price solution work, resulting in improved margins.

In financial terms, the consolidated profit of the economic entity after providing for income tax amounted to $2.15m, an improvement of $1.83m on 2012/13. Closing net assets of the economic entity were $13.84m, an increase of $0.8m on the prior year.

For a more detailed discussion of the financial results for the year ended 30 June 2014 please refer to the Chairman's Statement and Managing Director's Review on pages 1 and 4.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

**SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 27th August 2014 CPT Global Limited announced its intention to extend the on-market share buy back for a further twelve months until 27th August 2015. A maximum of 3,000,000 shares may be bought back during the buy back period.

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

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Likely developments, future prospects and business strategies of the operations of the consolidated entity are detailed in the Chairman's Statement and Managing Director's Review on Pages 1 and 3.

**ENVIRONMENTAL REGULATION AND PERFORMANCE**

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

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The company has paid premiums to insure the current directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium paid was $36,289.

# Directors' Report

**REMUNERATION REPORT**

**Remuneration policy**

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

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

**Performance-based remuneration**

Annual salary reviews are linked directly to directors' and executives' achievements of key performance indicators (KPIs). The KPIs are set annually after consultation with the directors and executives. The measures are specifically tailored to the areas where each executive has a level of control. The KPIs target areas the Board believes hold the greatest potential for expansion and profit, covering financial and non-financial goals, for both the short and long-term.

The Board may, at its discretion, award bonuses for exceptional performance in relation to the pre-agreed KPIs.

**Company performance, shareholder wealth and director and executive remuneration**

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being annual salary reviews based on key performance indicators, and the second being the issue of shares and options to selected directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past five years.

The following table shows the net profit and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. The analysis reflects a profit reduction for the current year which is matched by a reduced dividend. This performance has been attributed to the continued investment in overseas opportunities in which delays have been encountered in reaching contract finalisation and tightening margins across the business. The board is of the opinion that the remuneration policy is effective and can be linked to current years result.

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Net profit/(loss) | ($3.1m) | $1.1m | $0.6m | $0.3m | $2.2m |
| Share price at year end | $0.56 | $0.64 | $0.41 | $0.37 | $0.67 |
| Dividends paid | 0.0c | 2.5c | 1.5c | 0.0c | 4.5c |

During the year, no shares were purchased as part of the share buyback. The share price during the year ranged from a low of $0.35 to a high of $0.85.

# Directors' Report

**Details of remuneration for the year ended 30 June 2014**

Details of the nature and amount of each element of the emoluments of each director of the company and executive officers of the company and the economic entity receiving the highest emolument for the financial year are as follows:

| | Short-Term Benefits | | Post Emp't Benefits | Other Long-Term Benefits | | Total | Performance related |
|---|---|---|---|---|---|---|---|
| | Salary/Fees | Cash Bonus | Super | Long Service Leave | Share Based Payments | | |
| | $ | $ | $ | $ | $ | $ | $ |
| **Directors** | | | | | | | |
| Alan Baxter | | | | | | | |
| ▪ **2014** | **50,459** | **-** | **4,667** | - | **594** | **55,720** | **1.1%** |
| ▪ 2013 | 50,000 | - | 5,000 | - | - | 55,000 | - |
| Fred Grimwade | | | | | | | |
| ▪ **2014** | **77,982** | **-** | **7,213** | **-** | **594** | **85,789** | **0.7%** |
| ▪ 2013 | 77,982 | - | 7,018 | - | - | 85,000 | - |
| Gerry Tuddenham | | | | | | | |
| ▪ **2014** | **400,819** | **-** | **35,000** | **7,806** | **2,375** | **446,000** | **0.5%** |
| ▪ 2013 | 374,970 | - | 27,500 | 7,563 | - | 410,033 | - |
| Peter Wright | | | | | | | |
| ▪ **2014** | **399,497** | **-** | **35,000** | **8,250** | **1,187** | **443,934** | **0.3%** |
| ▪ 2013 | 388,614 | - | 25,000 | 7,940 | - | 421,554 | - |
| **Total Remuneration** | | | | | | | |
| ▪ **2014** | **928,757** | **-** | **81,880** | **16,056** | **4,750** | **1,031,443** | **0.5%** |
| ▪ 2013 | 891,566 | - | 64,518 | 15,503 | - | 971,587 | - |
| **Executive Officers** | | | | | | | |
| Alan Mackenzie | | | | | | | |
| ▪ **2014** | **261,784** | **14,000** | **-** | **-** | **-** | **275,784** | **5.1%** |
| ▪ 2013 | 239,014 | 16,000 | - | - | - | 255,014 | 6.2% |
| Elliot Opolion | | | | | | | |
| ▪ **2014** | **295,698** | **-** | **25,000** | **1,309** | **-** | **322,007** | **-** |
| ▪ 2013 | 291,622 | - | 25,000 | 5,483 | - | 322,105 | - |
| Kevin Akom | | | | | | | |
| ▪ **2014** | **289,759** | **-** | **25,000** | **5,125** | **-** | **319,884** | **-** |
| ▪ 2013 | 285,159 | - | 25,000 | 5,672 | - | 315,831 | - |
| **Total Remuneration** | | | | | | | |
| ▪ **2014** | **847,241** | **14,000** | **50,000** | **6,434** | **-** | **917,675** | **1.5%** |
| ▪ 2013 | 815,795 | 16,000 | 50,000 | 11,155 | - | 892,950 | 1.8% |

**Notes**

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

The elements of emoluments have been determined on the basis of the cost to the economic entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the economic entity.

# Directors' Report

**Performance income as a proportion of total remuneration**

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

**Performance Rights granted as remuneration**

| | | | Terms and Conditions for Each Grant | | | |
|---|---|---|---|---|---|---|
| | Vested No. | Granted No. | Grant Date | Value per Share at Grant Date $ | Exercise Price $ | Last Exercise Date |
| Gerry Tuddenham | - | 200,000 | 18/11/13 | $0.44 | $0.50 | 18/11/16 |
| Peter Wright | - | 100,000 | 18/11/13 | $0.44 | $0.50 | 18/11/16 |
| Alan Baxter | - | 50,000 | 18/11/13 | $0.44 | $0.50 | 18/11/16 |
| Fred Grimwade | - | 50,000 | 18/11/13 | $0.44 | $0.50 | 18/11/16 |
| Total | - | 400,000 | | | | |

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

| | Balance at beginning of Period | Granted as Remune-ration | Rights Exer-cised | Rights Lapsed | Balance at End of Period | Exer-cisable at End of Period | Vested and Unexer-cised at End of Period |
|---|---|---|---|---|---|---|---|
| Gerry Tuddenham | - | 200,000 | - | - | 200,000 | 100,000 | 100,000 |
| Peter Wright | - | 100,000 | - | - | 100,000 | 25,000 | 25,000 |
| Alan Baxter | - | 50,000 | - | - | 50,000 | 25,000 | 25,000 |
| Fred Grimwade | - | 50,000 | - | - | 50,000 | 25,000 | 25,000 |
| Total | - | 400,000 | - | - | 400,000 | 175,000 | 175,000 |

**Employment contracts of directors and specified executives**

Both executive directors and the executives specified in this remuneration report and notes to the accounts, have their employment conditions formalised in contracts of employment. With the exception of Alan Mackenzie, who is considered a contractor, all executive directors and specified executives are permanent employees of CPT Global Limited.

The employment contracts are generally for a fixed term, but contain notice periods and do not contain any provisions for termination payments. Any options not vested as at the date of termination will lapse.

For details of contracts under which directors are entitled to a benefit, refer to Note 27.

# Directors' Report

### DIRECTORS' MEETINGS

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

| | Directors' Meetings | | Finance and Audit Committee Meetings | | Remuneration and Nomination Committee Meetings | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Alan Baxter | 11 | 11 | 2 | 2 | 1 | 1 |
| Fred S Grimwade | 11 | 11 | 2 | 2 | 1 | 1 |
| Gerry Tuddenham | 11 | 9 | 2 | 2 | - | - |
| Peter Wright | 11 | 9 | - | - | - | - |

**Committee membership**

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

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

| Finance and Audit | Remuneration and Nomination |
|---|---|
| Fred Grimwade (C) | Alan Baxter (C) |
| Alan Baxter | Fred Grimwade |
| Gerry Tuddenham | |

Note: (C) Designates the chairman of the committee.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

### NON-AUDIT SERVICES

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

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

The following fees for non-audit services were paid/payable to Moore Stephens Melbourne during the year ended 30 June 2014:

- Taxation compliance and advice services $44,939

### AUDITOR'S INDEPENDENCE DECLARATION

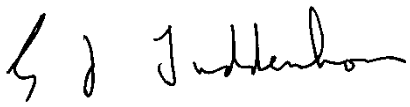
The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 20 of the directors' report.

# Directors' Report

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



Gerry Tuddenham
Managing Director
Milan, 26 September 2014

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

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

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 26 September 2014

# Consolidated Statement of Comprehensive Income

| YEAR ENDED 30 JUNE 2014 | Notes | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| Revenue | 3 | **38,404** | 35,082 |
| Other income | | **188** | 31 |
| Salaries and employee benefits expense | | **(2,825)** | (2,902) |
| Consultants benefits expense | | **(26,878)** | (27,336) |
| Depreciation and amortisation expenses | 4 | **(149)** | (165) |
| Insurance expense | | **(259)** | (237) |
| Finance costs | 4 | **(177)** | (203) |
| Lease expenses | | **(533)** | (482) |
| Other expenses | | **(4,787)** | (3,082) |
| **PROFIT BEFORE INCOME TAX** | 4 | **2,984** | 706 |
| **INCOME TAX EXPENSE** | 5 | **(832)** | (384) |
| **PROFIT AFTER INCOME TAX** | | **2,152** | 322 |
| **Other Comprehensive Loss:** | | | |
| **Items that may be subsequently reclassified to comprehensive income:** | | | |
| Exchange differences on translating foreign controlled entities | | **(256)** | (188) |
| **Total Other Comprehensive Loss for the year, net of tax** | | **(256)** | (188) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **1,896** | 134 |
| **PROFIT ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED** | | **2,152** | 322 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED** | | **1,896** | 134 |
| Basic earnings per share (cents per share) | 25 | **5.86** | 0.88 |
| Diluted earnings per share (cents per share) | 25 | **5.80** | 0.88 |

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Financial Position

| AT 30 JUNE 2014 | Notes | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | **2,424** | 1,197 |
| Trade and other receivables | 8 | **7,148** | 6,043 |
| Unbilled revenue | 9 | **3,109** | 3,758 |
| Current tax asset | 16 | **-** | 98 |
| Other current assets | 10 | **299** | 399 |
| **TOTAL CURRENT ASSETS** | | **12,980** | 11,495 |
| | | | |
| **NON-CURRENT ASSETS** | | | |
| Deferred tax assets | 16 | **1,368** | 1,225 |
| Property, plant and equipment | 12 | **41** | 76 |
| Intangible assets | 13 | **7,530** | 7,600 |
| **TOTAL NON-CURRENT ASSETS** | | **8,939** | 8,901 |
| | | | |
| **TOTAL ASSETS** | | **21,919** | 20,396 |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 14 | **7,235** | 6,813 |
| Current tax liabilities | 16 | **557** | 141 |
| **TOTAL CURRENT LIABILITIES** | | **7,792** | 6,954 |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred Tax Liability | 16 | **181** | 150 |
| Other long term provisions | 17 | **110** | 256 |
| **TOTAL NON-CURRENT LIABILITIES** | | **291** | 406 |
| | | | |
| **TOTAL LIABILITIES** | | **8,083** | 7,360 |
| | | | |
| **NET ASSETS** | | **13,836** | 13,036 |
| | | | |
| **EQUITY** | | | |
| Issued capital | 18 | **12,075** | 12,075 |
| Reserves | 19 | **(183)** | 68 |
| Retained earnings | | **1,944** | 893 |
| **TOTAL EQUITY** | | **13,836** | 13,036 |

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

# Consolidated Statement of Changes in Equity

## YEAR ENDED 30 JUNE 2014

| | Notes | $'000<br>Issued capital Ordinary | $'000<br>Retained Earnings | $'000<br>Equity Reserve | $'000<br>Foreign Currency Translation Reserve | $'000<br>Total |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2012** | | 12,075 | 571 | 1,690 | (1,434) | 12,902 |
| **Comprehensive income** | | | | | | |
| Profit for the year | | - | 322 | - | - | 322 |
| Other comprehensive loss | 19 | - | - | - | (188) | (188) |
| **Total comprehensive income/(loss) for the year** | | - | 322 | - | (188) | 134 |
| **Transactions with owners, in their capacity as owners** | | | | | | |
| Share based payments | | - | - | - | - | - |
| Dividends paid or provided for | 6 | - | - | - | - | - |
| **Total transactions with owners, in their capacity as owners** | | - | - | - | - | - |
| **Balance as at 30 June 2013** | | **12,075** | **893** | **1,690** | **(1,622)** | **13,036** |
| | | | | | | |
| **Balance at 1 July 2013** | | **12,075** | **893** | **1,690** | **(1,622)** | **13,036** |
| **Comprehensive income** | | | | | | |
| Profit for the year | | - | 2,152 | - | - | 2,152 |
| Other comprehensive loss | 19 | - | - | - | (256) | (256) |
| **Total comprehensive income/(loss) for the year** | | - | 2,152 | - | (256) | 1,896 |
| **Transactions with owners, in their capacity as owners** | | | | | | |
| Share based payments | | - | - | 5 | - | 5 |
| Dividends paid or provided for | 6 | | (1,101) | | | (1,101) |
| **Total transactions with owners, in their capacity as owners** | | - | (1,101) | 5 | - | (1,096) |
| **Balance as at 30 June 2014** | | **12,075** | **1,944** | **1,695** | **(1,878)** | **13,836** |

# Consolidated Statement of Cash Flows

| YEAR ENDED 30 JUNE 2014 | Notes | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | **38,469** | 37,456 |
| Payments to suppliers and employees | | **(35,148)** | (36,068) |
| Interest received | | **8** | 7 |
| Finance costs paid | | **(177)** | (64) |
| Income tax paid | | **(430)** | (430) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 20 | **2,722** | 901 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(44)** | (6) |
| Purchase of software | | **-** | (324) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | **(44)** | (330) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayments of borrowings | | **-** | (15) |
| Payment of dividends on ordinary shares | | **(1,101)** | - |
| NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | **(1,101)** | (15) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | **1,577** | 556 |
| Add opening cash & cash equivalents brought forward | | **1,197** | 1,114 |
| Effects of exchange rate changes on cash and cash equivalents | | **(350)** | (473) |
| **CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD** | 7 | **2,424** | 1,197 |

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

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The financial report was authorised for issue on 26 September, 2014 by the Board of Directors.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared on a going concern basis and is in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

During the current year the Group adopted all of the amending Australian Accounting Standards and New Interpretations applicable to its operations which became mandatory. The adoption of these standards has had no significant impact on these financial statements.

**Accounting Policies**

**(a) Principles of consolidation**

A controlled entity is any entity over which CPT Global Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in note 11 to the financial statements.

As at the end of the reporting period, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity by making the necessary adjustments to the subsidiary's accounts.

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Income Tax

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

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

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

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

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

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

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

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

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

### (c) Unbilled Revenue

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

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

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

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(d) Property, Plant & Equipment**

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

**Plant and equipment**

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

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

**Depreciation**

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

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

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

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

**(e) Operating Leases**

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

**(f) Financial Instruments**

**Recognition and measurement**

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Classification and subsequent measurement**

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

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.
The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and receivables*

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

*(iii) Held-to-maturity investments*

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

*(iv) Financial liabilities*

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

**Derivative instruments**

CPT Global Limited and Controlled Entities designate certain derivatives as either:
i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*(i) Fair value hedge*
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

*(ii) Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity through other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item will affect profit or loss.

**Impairment of Financial Instruments**

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

**Financial guarantees**

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

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

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

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

**Derecognition**

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

**(g) Receivables**

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

# Notes to the Financial Statements

**YEAR ENDED 30 JUNE 2014**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the recoverable amount.

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

### (h) Impairment of assets

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

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

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

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

### (i) Intangibles

**Goodwill**

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

**Intellectual Property**

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

**Computer Software**

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Foreign Currency Transactions and Balances

**Functional and presentation currency**

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

**Transaction and balances**

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

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

**Group companies**

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

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

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

### (k) Trade and other payables

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

### (l) Employee Benefits

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

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

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*(ii) Long service leave*
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*(iii) Retirement benefit obligations*
Contributions to defined contributions superannuation funds are recognised as an expense as they become payable.

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

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

The fair value at grant date is independently determined using a Hull-White trinomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

**(m) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the end of the reporting period.

**(n) Issued Capital**

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

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

**(o) Cash and Cash Equivalents**

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Revenue and Other Income

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

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

**Sale of Goods**

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

**Rendering of Services**

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

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

**Interest**

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

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

### (q) Borrowing Costs

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

### (r) Earnings per share (“EPS”)

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

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

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (s) Consumption Taxes (GST and VAT)

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

### (t) Government Grants

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

### (u) Comparative Figures

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

### (v) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000, or in certain cases the nearest dollar.

### (w) Critical Accounting Estimates & Judgements

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

**Key estimates**

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

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

**Key judgements**

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

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to impact the Group's financial statements.

AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets(applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

These Standards are not expected to significantly impact the Group's financial statements.

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

## 2. PARENT INFORMATION

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

| | 2014 | 2013 |
|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | $'000 | $'000 |
| **ASSETS** | | |
| Current Assets | **20,191** | 18,740 |
| **Total Assets** | **28,473** | 27,030 |
| **LIABILITIES** | | |
| Current Liabilities | **14,330** | 12,891 |
| **Total Liabilities** | **15,424** | 13,822 |
| **EQUITY** | | |
| Issued Capital | **12,075** | 12,075 |
| Reserves | **1,608** | 1,608 |
| Retained earnings/(accumulated losses) | **(634)** | (475) |
| **Total Equity** | **13,049** | 13,208 |

| | 2014 | 2013 |
|---|---|---|
| **STATEMENT OF COMPREHENSIVE INCOME** | $'000 | $'000 |
| Total profit | **942** | 707 |
| Total comprehensive income | **942** | 707 |

**Guarantees**

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

## 3. REVENUE

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | $'000 | $'000 |
| **REVENUE** | | | |
| Services Revenue | | **38,404** | 35,082 |
| **Total Revenue** | | **38,404** | 35,082 |
| **OTHER INCOME** | | | |
| Rent Income | | **21** | 11 |
| Interest Income | | **8** | 7 |
| Other Income | | **159** | 13 |
| **Total Other Income** | | **188** | 31 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

### 4. PROFIT/(LOSS) FOR THE YEAR

| | Note | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|---|
| Profit or loss for the year also includes the following specific expense items. | | | |
| Finance costs: | | | |
| Interest expense on borrowings | | **177** | 203 |
| Total finance costs | | **177** | 203 |
| Foreign currency translation losses (gains) | | **(146)** | (646) |
| Rental expense on operating leases | | **533** | 482 |
| Depreciation and amortisation of non-current assets | | **149** | 165 |
| Defined superannuation contribution expense – Others | | **272** | 300 |
| Defined superannuation contribution expense – KMP | | **132** | 115 |

### 5. INCOME TAX EXPENSE

| | Note | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|---|
| Tax expense comprises: | | | |
| Current tax | | **907** | 474 |
| Deferred tax | 16 | **(112)** | (220) |
| Under/(over) provision of previous year | | **37** | 130 |
| | | **832** | 384 |
| The prima facie tax on profit before income tax is reconciled to the income tax as follows: | | | |
| Prima facie tax on profit before income tax at 30% (2013: 30%) | | **895** | 212 |
| Tax effect of | | | |
| ▪ Tax on overseas income at a different rate | | **(23)** | 108 |
| ▪ Share-based payments expense | | **5** | - |
| ▪ Other non-allowable items | | **11** | 6 |
| ▪ Foreign exchange differences arising on net investment in foreign entities | 1(j) | **(93)** | (54) |
| ▪ Foreign currency exchange profit not subject to income tax | | **-** | (18) |
| Under/(over) provision of previous year | | **37** | 130 |
| Income tax expense attributable to the entity | | **832** | 384 |
| The applicable weighted average effective tax rates are as follows: | | **28%** | 54% |

The effective tax rate decreased in 2014 to 28% as the prior year expense was inflated due to the inclusion of a tax under provision.

# Notes to the Financial Statements

YEAR ENDED 30 JUNE 2014

## 6. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| **(a) Dividends paid during the year** | | |
| • *Current year interim* | | |
| Franked dividends (3.0c per share) (2013: 0.0c per share) | **1,101** | - |
| | **1,101** | - |
| **(b) Dividends proposed and not recognised as a liability** | | |
| • Franked dividends (1.5c per share) (2013: 0.0c per share) | **551** | |
| **(c) Franking credit balance** | | |
| Balance of franking account at year end adjusted for franking credits arising from: | | |
| • Payment of provision for income tax | | |
| • Franking debits arising from payment of proposed dividends | **1,862** | 2,069 |
| Subsequent to year end, the franking account would be reduced by the proposed dividend reflected in Note 6(b) as follows: | **(236)** | - |
| | **1,626** | 2,069 |

## 7. CASH AND CASH EQUIVALENTS

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Cash at bank and in hand | **2,424** | 1,197 |

**Reconciliation of cash**

| | | |
|---|---|---|
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | |
| Cash and cash equivalents | **2,424** | 1,197 |
| | **2,424** | 1,197 |

# Notes to the Financial Statements

YEAR ENDED 30 JUNE 2014

## 8. TRADE AND OTHER RECEIVABLES

| | Notes | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|---|
| **CURRENT** | | | |
| Trade receivables | 8(a) | **6,995** | 6,067 |
| Provision for impairment of receivables | 8(b) | **-** | (36) |
| | | **6,995** | 6,031 |
| Other receivables | | **153** | 12 |
| | | **7,148** | 6,043 |

**(a)** Trade receivables are non-interest bearing and generally on 30 day terms. The average credit period on rendering of services and sale of goods is 66 days (2013: 62 days). Management has objective evidence that no receivable amounts arising from the past sale of goods and rendering of services in the current year are impaired and therefore no provision for impairment has been recognised (2013: $36,000).

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

Of the trade receivable balance at the end of the reporting period, $182,883 (2013: $613,065) is due from a large Australian telecommunications company totalling 2.6% (2013: 10.1%) of the trade receivables balance. There is also $358,536 (2013: $523,665) and $792,546 (2013: $392,837) from two leading banking institutions in Australia, $147,326 (2013: $388,111) from an Australian health insurer, $401,822 (2013: $0) from a leading property and infrastructure company in Australia, $44,788 (2013: $362,194) from a major banking group in France, $575,825 (2013: $1,040,134) from a large Canadian telecommunications company, $364,646 (2013: $223,923) from a major Canadian bank, $738,311 (2013: $724,730), and $402,354 (2013: $0) from two large financial organisation in North America and $425,354 (2013: $0) from a large pharmacy benefit management company in North America.
There are no other customers who represent more than 5% of the total balance of trade receivables.
Also of the trade receivables balance at the end of the reporting period a concentration of $3,840,837 (55%) (2013: $2,808,304 )(46%) relates to Australia. The remaining amounts are not individually significant.

**Trade receivables that are past due but not impaired**

Included in the trade receivable balance are debtors with a carrying amount of $940,446 (2013: $361,770) in the group which are past due at the end of the reporting period but have not been provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. Of the overdue balance, $622,599 (2013: $327,685) relates to clients with whom the Group has traded with for more than one year with no history of delinquency. The nature of the clients, namely a mix of large financial institutions, telecommunications companies and government give further confidence that these past due balances are not impaired. The Group does not hold any collateral over these balances. The ageing analysis of these trade receivables is:

| | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|
| 1-3 months | **940** | 362 |
| Within initial trade terms | **6,055** | 5,705 |
| | **6,995** | 6,067 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 8. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Provision for impairment of current trade receivables

Current trade and other receivables are non-interest bearing and generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Balance at beginning of year | **(36)** | (33) |
| Reversal/(Increase) of impairment provision for the year | **36** | (3) |
| Balance at end of year | **-** | (36) |

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

## 9. UNBILLED REVENUE (CURRENT)

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Unbilled revenue | **3,109** | 3,758 |
| Total | **3,109** | 3,758 |

Unbilled revenue represents amounts relating to revenue recognised in accordance with the accounting policies detailed in Note 1(c) that had not been invoiced to the customer as at the end of the reporting period. Included in the Group's unbilled revenue balance is $124,581 (2013: $143,256) relating to revenue that was recognised more than 12 months prior to the end of the reporting period. No provision for impairment has been recognised in relation to these amounts as management still consider these amounts to be recoverable.

# Notes to the Financial Statements

**YEAR ENDED 30 JUNE 2014**

## 10. OTHER CURRENT ASSETS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Prepayments | **65** | 82 |
| Other current assets | **234** | 317 |
| | **299** | 399 |

## 11. INTERESTS IN SUBSIDIARIES

| Name | Country of incorporation | Percentage of equity interest held by the economic entity* | |
|---|---|---|---|
| | | 2014 | 2013 |
| | | % | % |
| CPT Global Ltd | United Kingdom | **100** | 100 |
| CPT Global GmbH | Germany | **100** | 100 |
| CPT Global Inc | USA | **100** | 100 |
| CPT Global Consulting Corp | Canada | **100** | 100 |
| CPT Global France | France | **100** | 100 |
| CPT Global Australia Pty Ltd | Australia | **100** | 100 |
| CPT Global International Pty Ltd | Australia | **100** | 100 |
| CPT Global Pte Ltd | Singapore | **100** | 100 |

* The percentage of voting power is proportional to ownership.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 12. PROPERTY, PLANT AND EQUIPMENT

| | Notes | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| *Motor vehicles* | | | |
| At cost | | **60** | 60 |
| Accumulated depreciation | | **(60)** | (60) |
| | | **-** | - |
| *Office equipment* | | | |
| At cost | | **1,093** | 1,049 |
| Accumulated depreciation | | **(1,057)** | (1,003) |
| | | **36** | 46 |
| *Furniture, fixtures and fittings* | | | |
| At cost | | **238** | 238 |
| Accumulated depreciation | | **(234)** | (215) |
| | | **4** | 23 |
| *Improvements* | | | |
| At cost | | **167** | 167 |
| Accumulated depreciation | | **(167)** | (167) |
| | | **-** | - |
| *Leased plant and equipment* | | | |
| At cost | | **205** | 205 |
| Accumulated depreciation | | **(204)** | (198) |
| | | **1** | 7 |
| Total property, plant and equipment | | **41** | 76 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

| | 2014 | 2013 |
|---|---|---|
| **(a) Reconciliations** | $'000 | $'000 |
| Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year. | | |
| *Motor vehicles* | | |
| Carrying amount at beginning | - | 4 |
| Depreciation expense | - | (4) |
| | - | - |
| *Office equipment* | | |
| Carrying amount at beginning | **46** | 89 |
| Additions | **44** | 6 |
| Depreciation expense | **(54)** | (49) |
| | **36** | 46 |
| *Furniture, fixtures and fittings* | | |
| Carrying amount at beginning | **23** | 42 |
| Depreciation expense | **(19)** | (19) |
| | **4** | 23 |
| *Improvements* | | |
| Carrying amount at beginning | - | 17 |
| Depreciation expense | - | (17) |
| | - | - |
| *Leased plant and equipment* | | |
| Carrying amount at beginning | **7** | 18 |
| Depreciation expense | **(6)** | (11) |
| | **1** | 7 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 13. INTANGIBLE ASSETS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Goodwill at cost | **9,659** | 9,659 |
| Accumulated impairment losses | **(2,473)** | (2,473) |
| Total goodwill | **7,186** | 7,186 |
| Intellectual Property at cost | **75** | 75 |
| | | |
| Software at cost | **818** | 818 |
| Accumulated amortisation | **(549)** | (479) |
| Total software | **269** | 339 |
| Total intangible assets | **7,530** | 7,600 |

| | Goodwill | Intellectual Property | Software |
|---|---|---|---|
| **Year ended 30 June 2013** | $'000 | $'000 | $'000 |
| Balance at the beginning of the year | 7,186 | 75 | 80 |
| Additions | - | - | 324 |
| Amortisation charge | - | - | (65) |
| | 7,186 | 75 | 339 |
| **Year ended 30 June 2014** | | | |
| Balance at the beginning of the year | 7,186 | 75 | 339 |
| Amortisation charge | - | - | (70) |
| | 7,186 | 75 | 269 |

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

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

### 13. INTANGIBLE ASSETS (continued)

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

| | 2014 $'000 | 2013 $'000 |
|---|---|---|
| Australian Segment | **6,557** | 6,557 |
| Europe Segment | **629** | 629 |
| | **7,186** | 7,186 |

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

**Key Assumptions**

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

| | Discount rate | | Gross Margin | | Sales Growth | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Australian Segment | 14.9% | 16.5% | 27.0% | 27.0% | 4.9% | 5.6% |

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

- Discount rate;
- Gross profit margins;
- Sales growth rates.

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

*Gross profit margins* – values assigned reflect past experience and recognition of the existing tightening market conditions.

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

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 14. TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **CURRENT** | | |
| Trade payables | **4,015** | 3,784 |
| Sundry payables and accrued expenses | **1,431** | 1,765 |
| Employee benefits | **1,592** | 1,248 |
| Unearned revenue | **197** | 16 |
| | **7,235** | 6,813 |

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

### 15. BORROWINGS

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Unutilised financing facilities** | | |
| Credit facility | **5,000** | 5,000 |
| Amount utilised | **-** | - |
| | **5,000** | 5,000 |

The parent entity has a GE debtors financing facility in place. The facility is secured by a first registered company charge (mortgage debenture) over the carrying value of the total assets of the parent entity, which totalled $28,473,085 at the end of the reporting period. Interest is charged at 5.5% plus a margin of 2.82% above the 90 day Bank Bill Swap Rate.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 16. TAX

| | 2014 | 2013 |
|---|---|---|
| **LIABILITIES** | $'000 | $'000 |
| **Current** | | |
| Income tax | **557** | 141 |
| | | |
| **Non Current** | | |
| Deferred tax liabilities comprise: | | |
| Unrealised foreign exchange gain | **181** | 150 |
| | | |
| **Reconciliation of deferred tax liabilities** | | |
| Opening balance | **150** | - |
| Debited to the statement of comprehensive Income | **31** | 150 |
| Reversals during year | **-** | - |
| Closing balance | **181** | 150 |
| | | |
| **ASSETS** | | |
| **Current** | | |
| Income tax | **-** | 98 |
| | | |
| **Non Current** | | |
| Deferred tax assets comprise: | | |
| Provisions, accrued employee entitlements and benefits and accruals | **622** | 518 |
| Future income tax benefits attributable to tax losses | **746** | 707 |
| | **1,368** | 1,225 |
| | | |
| **Reconciliation of deferred tax assets** | | |
| Opening balance | **1,225** | 855 |
| Credited to the statement of comprehensive income | **143** | 370 |
| Other | **-** | - |
| Closing balance | **1,368** | 1,225 |

The future income tax benefit of the deferred tax assets will only be realised if the conditions of deductibility set out in Note 1(b) occur. Deferred tax assets not brought to account for which the benefits will only be realised if the conditions for deductibility set out in Note 1(b) occur amount to $310,860 (2013: $269,206).

# Notes to the Financial Statements

**YEAR ENDED 30 JUNE 2014**

## 17. PROVISIONS (NON-CURRENT)

| | 2014 | 2013 |
|---|---|---|
| **Long-term employee benefits** | **$'000** | **$'000** |
| Balance at 1 July 2013 | **256** | 354 |
| Provisions used during year | **(146)** | (98) |
| Balance at 30 June 2014 | **110** | 256 |

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

## 18. ISSUED CAPITAL

| **(a) Issued and paid up capital** | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| 36,716,364 (2013: 36,716,364) fully paid ordinary shares | **12,075** | 12,075 |
| | **12,075** | 12,075 |

| **(b) Movements in shares on issue** | 2014 | | 2013 | |
|---|---|---|---|---|
| | Number of shares | $'000' | Number of shares | $'000 |
| Beginning of the financial year | **36,716,364** | **12,075** | 36,716,364 | 12,075 |
| Shares issued under ESOP | **-** | **-** | - | - |
| Performance shares issued to executive directors | **-** | **-** | - | - |
| Shares cancelled during the period | **-** | **-** | - | - |
| End of the financial year | **36,716,364** | **12,075** | 36,716,364 | 12,075 |

(i) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During the year ended 30th June 2014 no ordinary shares were bought back under the on market buyback (2013: Nil). Ordinary shares have no par value.

(ii) The on market buyback commenced on the 27th August 2002 with 3,000,000 shares being the maximum to be bought back of which 2,413,905 were outstanding as at 30 June 2014.

**(c) Options**

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

(ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 27 Key management compensation.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 18. ISSUED CAPITAL (Continued)

### (d) Capital Management

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

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

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

The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are as follows:

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| Total borrowings | **-** | - |
| Less cash and cash equivalents | **(2,424)** | (1,197) |
| Net debt | **-** | - |
| Total equity | **13,836** | 13,036 |
| Total capital employed | **13,836** | 13,036 |
| Gearing ratio | **0%** | 0% |

## 19. RESERVES

**(a) Foreign currency translation**
The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries.

**(b) Equity reserve**
The equity reserve is a non-distributable reserve used to record share based payment expense.

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

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **Foreign currency translation reserve** | | |
| Exchange difference on translating foreign controlled entities | **(256)** | (188) |
| Movement in foreign currency translation reserve | **(256)** | (188) |
| **Total other comprehensive income for the year** | **(256)** | (188) |

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

## 20. CASH FLOW INFORMATION

| | 2014 | 2013 |
|---|---|---|
| | $'000 | $'000 |
| **(a) Reconciliation of the net profit after tax to the net cash flows from operations** | | |
| Net profit/(loss) | **2,152** | 322 |
| **Non-Cash Items** | | |
| Depreciation and amortisation of non-current assets | **149** | 165 |
| Share based payment | **5** | - |
| **Changes in assets and liabilities** | | |
| Decrease in trade and term receivables | **(948)** | 1,169 |
| (Increase)/decrease in prepayments | **17** | 30 |
| (Increase)/decrease in work in progress | **649** | 108 |
| (increase)/decrease in deferred tax asset | **(45)** | (222) |
| (Decrease) in trade payables and accruals | **96** | (988) |
| (Decrease)/increase in income taxes payable | **416** | 26 |
| (Decrease) in deferred tax liabilities | **31** | 150 |
| Increase in employee entitlements | **200** | 141 |
| Net cash flow from operating activities | **2,722** | 901 |

There were no acquisitions or disposals of subsidiaries in the 2014 financial year.

## 21. EXPENDITURE COMMITMENTS

| **(a) Lease expenditure commitments** | 2014 | 2013 |
|---|---|---|
| *(i) Operating leases (non cancellable):* | $'000 | $'000 |
| Minimum lease payments | | |
| - not later than one year | **476** | 495 |
| - later than one year and not later than five years | **828** | 1,181 |
| - later than five years | **-** | - |
| | **1,304** | 1,676 |

**Note:**

The property leases are non-cancellable with terms ranging from 2 to 5 years. Rent is payable monthly in advance and the amounts disclosed do not include GST. Contingent rental provisions within the leases require the minimum lease payments to be increased by CPI on the anniversary of the lease agreement. No options exist to renew the leases.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 22. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014:

| | | Issue date | Expiry date | Exercise Price | As at 1 July 2013 | Issued | Forfeited/ Exercised/ transferred/ expired | As at 30 June 2014 |
|---|---|---|---|---|---|---|---|---|
| Directors Performance Rights | (a) | 18/11/13 | 18/11/16 | $0.50 | - | 400,000 | - | - |

(a) On 18 November 2013, at the Company's Annual General Meeting, 400,000 performance rights were granted to directors to take up ordinary shares at an exercise price of $0.50 per share. The fair value of these performance shares at the date of grant was $12,453. The fair value has been calculated using a combination of the Monte Carlo and American Bionomial pricing methodologies for tranches using the following inputs:

| | |
|---|---|
| Weighted average exercise price | $0.50 |
| Maximum life of right | 3 years |
| Underlying share price | $0.44 |
| Expected share price volatility | 42% |
| Risk free interest rate | 2.9% |
| Dividend yield | 9% |

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

| No of Shares to be Issued | Conditions to be Met |
|---|---|
| 125,000 | The highest quoted (buy) price for CPT Global shares reaching or exceeding $0.75 for 5 consecutive business days during the period 18 November 2013 and 30 June 2014 (both dates inclusive) |
| 50,000 | The Company's international revenue (as reported in the Company's 2014 annual report) reaching or exceeding $18m for the 2014 fiscal year |
| 25,000 | The Company's Australian revenue (as reported in the Company's 2014 annual report) reaching or exceeding $22m for the 2014 fiscal year |
| 125,000 | The highest quoted (buy) price for CPT Global shares reaching or exceeding $1.00 for 5 consecutive business days during the period 1 July 2014 and 30 June 2015 (both dates inclusive) |
| 50,000 | The Company's international revenue (as reported in the Company's 2015 annual report) reaching or exceeding $22m for the 2015 fiscal year |
| 25,000 | The Company's Australian revenue (as reported in the Company's 2015 annual report) reaching or exceeding $25m for the 2015 fiscal year |

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

An amount of $4,750 pertaining to these entitlements has been included in the statement of comprehensive income for the period.

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 22. SHARE-BASED PAYMENTS (Continued)

(b) Information with respect to the number of options granted is as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| | | $ | | $ |
| Outstanding at the beginning of the year | **-** | **0.00** | - | 0.00 |
| Granted | **400,000** | **0.50** | - | - |
| Forfeited | **-** | **-** | - | - |
| Exercised | **-** | **-** | - | - |
| Expired | **-** | **-** | - | - |
| Outstanding at year end | **400,000** | **0.50** | - | 0.00 |

At 30 June 2014, 175,000 of the options vested but were not exercised.

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

### 23. CONTINGENT LIABILITIES

**Guarantees**
CPT Global Limited has provided guarantees of $217,662 to third parties in relation to its performance and obligations in respect of property lease rentals and lease finance facilities. The guarantees are for the term of the facilities and leases. The guarantee for lease covers the next 12 months.

### 24. EVENTS AFTER THE REPORTING PERIOD

On 27th August 2014 CPT Global Limited announced its intention to extend the on-market share buy back for a further twelve months until 27th August 2014. A maximum of 3,000,000 shares may be bought back during the buy back period, which will now run until 27th August 2015.

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 25. EARNINGS PER SHARE

| | 2014 | 2013 |
|---|---|---|
| **(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:** | $'000 | $'000 |
| Net profit | **2,152** | 322 |
| **Adjustments:** | **-** | - |
| Earnings used in calculating basic and diluted earnings per share | **2,152** | 322 |

| | Number of shares | Number of shares |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | **36,716,364** | 36,716,364 |
| Weighted average number of options outstanding | **400,000** | - |
| Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share | **37,116,364** | 36,716,364 |

## 26. AUDITORS' REMUNERATION

| | 2014 | 2013 |
|---|---|---|
| Amounts received or due and receivable by Moore Stephens for: | $'000 | $'000 |
| • an audit or review of the financial report of the parent and any other entity in the Group | **164** | 125 |
| • other services in relation to the entity and any other entity in the Group | | |
| - tax compliance | **45** | 56 |
| - other services | **-** | - |

Other services relate to accounting and taxation services.

# Notes to the Financial Statements

YEAR ENDED 30 JUNE 2014

## 27. KEY MANAGEMENT PERSONNEL COMPENSATION

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

| Key Management Person | Position |
|---|---|
| Fred S Grimwade | Non-executive Chairman |
| Alan Baxter | Non-executive Director |
| Gerry Tuddenham | Managing Director |
| Peter Wright | Executive Director |
| Alan Mackenzie | Chief Technology Officer |
| Kevin Akom | Chief Operating Officer |
| Elliot Opolion | Company Secretary and Chief Financial Officer |

**b) Key Management Personnel Compensation**

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2014.

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

| | 2014 | 2013 |
|---|---|---|
| | $000 | $000 |
| Short-term employee benefits | **1,790** | 1,723 |
| Post-employment benefits | **132** | 115 |
| Other long-term benefits | **22** | 27 |
| Share based payments | **5** | 0 |
| | **1,949** | 1,865 |

**c) Compensation Performance Rights**

| | Balance at beginning of Period | Granted as Remune-ration | Rights Exer-cised | Rights Lapsed | Balance at End of Period | Exer-cisable at End of Period | Vested and Unexer-cised at End of Period |
|---|---|---|---|---|---|---|---|
| Gerry Tuddenham | - | 200,000 | - | - | 200,000 | 100,000 | 100,000 |
| Peter Wright | - | 100,000 | - | - | 100,000 | 25,000 | 25,000 |
| Alan Baxter | - | 50,000 | - | - | 50,000 | 25,000 | 25,000 |
| Fred Grimwade | - | 50,000 | - | - | 50,000 | 25,000 | 25,000 |
| Total | - | 400,000 | - | - | 400,000 | 175,000 | 175,000 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 27. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

### (d) Shareholdings

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

| Shares held in CPT Global Limited | Balance 1 July 2013 | Granted as Remuneration | On Exercise of Options | Net Change Other | Balance 30 June 2014 |
|---|---|---|---|---|---|
| | Ord | Ord | Ord | Ord | Ord |
| Fred S Grimwade | 718,200 | - | - | - | 718,200 |
| Alan Baxter | - | - | - | - | - |
| Gerry Tuddenham | 12,981,926 | - | - | (1,650,000) | 11,331,926 |
| Peter Wright | 164,500 | - | - | - | 164,500 |
| **Specified Executives** | | | | | |
| Kevin Akom | 565,013 | - | - | - | 565,013 |
| Alan Mackenzie | 327,812 | - | - | - | 327,812 |
| **Total** | 14,757,451 | - | - | - | 13,107,451 |

| Shares held in CPT Global Limited | Balance 1 July 2012 | Granted as Remuneration | On Exercise of Options | Net Change Other | Balance 30 June 2013 |
|---|---|---|---|---|---|
| | Ord | Ord | Ord | Ord | Ord |
| Fred S Grimwade | 718,200 | - | - | - | 718,200 |
| Gerry Tuddenham | 12,981,926 | - | - | - | 12,981,926 |
| Peter Wright | 164,500 | - | - | - | 164,500 |
| **Specified Executives** | | | | | |
| Kevin Akom | 565,013 | - | - | - | 565,013 |
| Alan Mackenzie | 327,812 | - | - | - | 327,812 |
| **Total** | 14,757,451 | - | - | - | 14,757,451 |

# Notes to the Financial Statements

YEAR ENDED 30 JUNE 2014

## 28. RELATED PARTY DISCLOSURES

**(a) Controlling Relationships**

Interests in subsidiaries are set out in note 11. The parent entity and the ultimate controlling party of the group is CPT Global Limited.

**(b) Key management personnel**

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

## 29. OPERATING SEGMENTS

**Identification of Reportable Segments**

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

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

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

**Types of Services by Segment**

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

*Australia*

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

*Europe*

- Mainframe & Midrange performance
- Technical Support services

*North America*

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

# Notes to the Financial Statements

YEAR ENDED 30 JUNE 2014

## 29. OPERATING SEGMENTS (Continued)

**Basis of accounting for purposes of reporting by reportable segments**

*Accounting policies adopted*

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

*Inter-segment transactions*

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

*Segment Assets and Liabilities*

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

*Unallocated items*

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

**Segment Performance**

| | Australia | | Europe | | North America | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **REVENUE** | | | | | | | | |
| External Sales | **19,902** | 24,096 | **6,154** | 4,143 | **12,348** | 6,843 | **38,592** | 35,082 |
| **Total Group Revenue** | | | | | | | **38,592** | 35,082 |
| **Segment Gross Profit before tax** | **5,541** | 6,302 | **3,068** | 1,269 | **5,707** | 3,199 | **14,504** | 10,770 |
| *Reconciliation of segment result to group profit/loss before tax* | | | | | | | | |
| Unallocated Items | | | | | | | | |
| - Overheads | | | | | | | **(11,520)** | (10,064) |
| **Profit/ (Loss) before tax** | | | | | | | **2,984** | 706 |

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 29. OPERATING SEGMENTS (Continued)

**Segment Assets**

| | Australia | | Europe | | North America | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Segment Assets** | **4,329** | 3,153 | **1,664** | 2,152 | **4,264** | 4,496 | **10,257** | 9,801 |
| Segment asset increases for the period: | | | | | | | | |
| - Capital Expenditure | **-** | - | **-** | - | **-** | - | **-** | - |
| | **4,329** | 3,153 | **1,664** | 2,152 | **4,264** | 4,496 | **10,257** | 9,801 |
| *Reconciliation of segment assets to group assets* | | | | | | | | |
| Unallocated assets: | | | | | | | | |
| - Goodwill | **6,632** | 6,632 | **629** | 629 | | | **7,261** | 7,261 |
| - Property, plant & equipment | | | | | | | **310** | 415 |
| - Other Assets | | | | | | | **4,091** | 2,918 |
| **Total Group Assets** | | | | | | | **21,919** | 20,396 |

**Segment Liabilities**

| | Australia | | Europe | | North America | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Segment Liabilities** | **5,017** | 4,460 | **723** | 1,017 | **1,214** | 953 | **6,954** | 6,430 |
| Segment liability increases for the period: | | | | | | | | |
| - | **-** | - | **-** | - | **-** | - | **-** | - |
| | **5,017** | 4,460 | **723** | 1,017 | **1,214** | 953 | **6,954** | 6,430 |
| *Reconciliation of segment liabilities to group liabilities* | | | | | | | | |
| Unallocated assets: | | | | | | | | |
| - Provisions | **1,095** | 930 | **-** | - | **34** | - | **1,129** | 930 |
| - Other Liabilities | - | - | - | - | **-** | - | **-** | - |
| **Total Group Liabilities** | | | | | | | **8,083** | 7,360 |

**Major Customers**

CPT Global Limited provides services to a range of clients in the financial services and telecommunications industries. CPT's top 10 clients account for 62% of the group's global revenue (2013: 71%). Two of CPT's client's contributed more than 10% of the annual revenue (NAB 11% - Australian segment and Rogers Communications 10% - North American segment).

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 30. FINANCIAL INSTRUMENTS

**Financial Risk Management**

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

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

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

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

**(i) Financial Risks**

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

**Interest rate risk**

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

| **Economic Entity** | **Floating interest rate** | | **Fixed interest rate maturing in 1 to 5 years** | | **Non-interest bearing** | | **Total carrying amount as per statement of financial position** | | **Weighted average effective interest rate** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014 $'000** | **2013 $'000** | **2014 $'000** | **2013 $'000** | **2014 $'000** | **2013 $'000** | **2014 $'000** | **2013 $'000** | **2014 %** | **2013 %** |
| *(i) Financial assets* | | | | | | | | | | |
| Cash and cash equivalents | **2,424** | 1,197 | **-** | - | **-** | - | **2,424** | 1,197 | **0.29** | 0.58 |
| Trade receivables | **-** | - | **-** | - | **7,148** | 6,043 | **7,148** | 6,043 | | |
| Total financial assets | **2,424** | 1,197 | **-** | - | **7,148** | 6,043 | **9,572** | 7,240 | | |
| *(ii) Financial liabilities at amortised cost* | | | | | | | | | | |
| Bank overdrafts | **-** | - | **-** | - | **-** | - | **-** | - | | |
| Trade and sundry payables | **-** | - | **-** | - | **6,480** | 5,821 | **6,480** | 5,821 | | |
| Lease Liability | **-** | - | **-** | - | **-** | - | **-** | - | **0.0** | 0.0 |
| Total financial liabilities | **-** | - | **-** | - | **6,480** | 5,821 | **6,480** | 5,821 | | |

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

**Interest rate sensitivity analysis**

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents as this is the only financial instrument materially exposed to floating interest rates. The analysis is based on actual monthly borrowing amounts throughout the year, as reported to management, with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease has been used and represents management's assessment of the possible changes in interest rates. At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit before income tax would increase by $6,500 and decrease by $6,500 (2013: increase by $10,000 and decrease by $10,000).

# Notes to the Financial Statements

## YEAR ENDED 30 JUNE 2014

## 30. FINANCIAL INSTRUMENTS (Continued)

### Foreign currency risk

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

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

| Economic Entity | Liabilities | | Assets | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 |
| Australian dollars | **11,219** | 9,705 | **39** | 39 |
| US dollars | **952** | 830 | **3,801** | 2,978 |
| Sterling | **646** | 545 | **2,325** | 1,595 |
| Euro | **2,101** | 1,814 | **2,080** | 2,097 |
| Canadian dollars | **107** | 41 | **1,627** | 710 |

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

### Foreign currency sensitivity analysis

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

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

| Economic Entity | USD Impact | | Sterling Impact | | Euro Impact | | CAD Impact | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Profit or loss | **(902)** | (765) | **(491)** | (400) | **(66)** | (66) | **(42)** | (54) |
| Other equity | **91** | (236) | **(166)** | (610) | **1,006** | 41 | **(137)** | (163) |

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

# Notes to the Financial Statements

### YEAR ENDED 30 JUNE 2014

### 30. FINANCIAL INSTRUMENTS (Continued)

**Liquidity risk**

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

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

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

| | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|
| Trade payables | **4,015** | 3,784 |
| Sundry payables and accrued expenses | **1,430** | 1,765 |
| | **5,445** | 5,549 |

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

**Credit risk**

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

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

### 31. RETROSPECTIVE RESTATEMENT of LONG SERVICE PROVISION

During the reporting period CPT Global identified a prior period error in respect of the classification of long service leave provisions. In the 30 June 2013 financial report, CPT Global recorded the non-deferrable portion of long service as a non-current liability, and the portion of the provision which is expected to be settled beyond 12 months from the reporting date was classified as a current liability. The comparative column for the 30 June 2013 financial report has been restated to re-classify the current portion of the long service leave provision as a current liability and the non-current portion of the provision as a non-current liability. This correction has been made retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The effect of this correction is an increase to current liabilities and a decrease to non-current liabilities by $269,155. This correction however, has no impact on either total liabilities or net assets for the Group as at 30 June 2013. This correction can be applied to the Consolidated Statement of Financial Position, Note 14 Trade and Other Payables, Note 17 Provisions (Non-Current) and Note 30 Financial Instruments (i) Financial Risks.

# Notes to the Financial Statements

**YEAR ENDED 30 JUNE 2014**

# Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 21 to 61, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and economic entity.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Gerry Tuddenham
Managing Director

Milan, 26 September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF CPT GLOBAL LIMITED AND CONTROLLED ENTITIES**

**Report on the Financial Report**

We have audited the accompanying financial report of CPT Global Limited which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Opinion*

In our opinion:

a) the financial report of CPT Global Limited is 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 2014 and of its performance for the year ended on that date; and

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

b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 June 2014. 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.

*Auditor's Opinion*

In our opinion the remuneration report of CPT Global Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 26 September 2014

# Corporate Information

ACN 083 090 895
ABN 16 083 090 895

**Directors**

**Fred Grimwade**
(Non-executive Chairman)

**Gerard (Gerry) Tuddenham**
(Managing Director)

**Alan Baxter**
(Non-executive Director)

**Peter Wright**
(Executive Director)

**Company Secretary**

**Elliot Opolion**

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

**2014 Annual General Meeting**

The Annual General Meeting of CPT Global Limited members will be held on Tuesday 25th November 2014 at 11.00 am at CPT's principal registered office.

**Auditors**

**Moore Stephens**
Level 10, 530 Collins Street
Melbourne VIC 3000

**Share Register**

**Computershare Investor Services Pty Ltd**
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067
Telephone: 1300 850 505
Facsimile: +61 (0)3 9473 2500

**Solicitors**

**Gadens Lawyers**

**Bankers**

**ANZ Banking Group Limited**

**ASX Code**

**CGO**

**CPT Global on the Web**

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

# ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23rd September 2014.

**(a) Distribution of equity securities**

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

| | Ordinary shares | | Preference shares | |
|---|---|---|---|---|
| | Number of holders | Number of shares | Number of holders | Number of shares |
| 1 - 1,000 | **69** | **52,027** | - | - |
| 1,001 - 5,000 | **384** | **1,092,891** | - | - |
| 5,001 - 10,000 | **194** | **1,528,905** | - | - |
| 10,001 - 100,000 | **311** | **9,424,758** | - | - |
| 100,001 and over | **39** | **24,617,783** | - | - |
| | **997** | **36,716,364** | - | - |
| The number of shareholders holding less than a marketable parcel of shares are: | **22** | **7,381** | - | - |

**(b) Twenty largest shareholders**

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

| | | Listed ordinary shares | |
|---|---|---|---|
| | | Number of shares | Percentage of ordinary shares |
| 1 | TUDDY SUPER PTY LTD | 8,582,356 | 23.4% |
| 2 | GNP NOMINEES PTY LTD | 3,888,285 | 10.6% |
| 3 | SONDA FONDO DE INVERSION PRIVADO | 2,664,993 | 7.3% |
| 4 | PIE FUNDS | 2,303,587 | 6.3% |
| 5 | MR FRED GRIMWADE | 718,200 | 2.0% |
| 6 | MR KEVIN AKOM | 565,013 | 1.5% |
| 7 | MR PHILIP ADAM | 523,995 | 1.4% |
| 8 | FIVE TALENTS LIMITED | 471,369 | 1.3% |
| 9 | OSTRAVA EQUITIES PTY LTD | 421,547 | 1.1% |
| 10 | ABN AMRO | 382,983 | 1.0% |
| 11 | MRS ALISON BOLGER | 362,550 | 1.0% |
| 12 | MR ALAN MACKENZIE | 327,812 | 0.9% |
| 13 | MR JOHN CAREY | 326,000 | 0.9% |
| 14 | MR MICHAEL LAZORIK | 300,000 | 0.8% |
| 15 | MR BEN TUDDENHAM | 293,526 | 0.8% |
| 16 | MR LUKE TUDDENHAM | 292,955 | 0.8% |
| 17 | MR NEVILLE WINSTON HASKETT | 280,000 | 0.8% |
| 18 | FORSYTH BARR LTD | 217,200 | 0.6% |
| 19 | MRS SELINA DALLY | 212,320 | 0.6% |
| 20 | PETHOL (VIC) PTY LTD | 200,000 | 0.5% |
| | | 23,334,691 | 63.6% |

**(c) Shares held in escrow**

As at 23rd September 2014, there were nil fully paid ordinary shares held in escrow for the benefit of participants in the CPT Share and Option Incentive Plan.

# ASX Additional Information

**(d) Substantial shareholders**

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

| | Number of Shares |
|---|---|
| MR GERRY TUDDENHAM AND HIS ASSOCIATES (EXCLUDING HIS BENEFICIAL INTEREST IN THE CPT TRUST) | 9,172,837 |
| GNP NOMINEES PTY LTD AS TRUSTEE FOR THE CPT TRUST | 3,885,285 |
| SONDA FONDO DE INVERSION PRIVADO | 2,664,993 |
| PIE FUNDS | 2,303,587 |

**(e) Voting rights**

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