



## Appendix 4D: CPT Global Limited

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information				Half-year Ended 31 December 2018 A \$000's	Half-year Ended 31 December 2017 A \$000's
Revenues from ordinary activities	up	1.2%	to	\$15,224	\$15,048
Net Profit (Loss) <b>before tax</b> attributable to members	up	211.3%	to	\$825	\$265
Net Profit (Loss) <b>after tax</b> attributable to members	up	25300.0%	to	\$254	\$1

DIVIDENDS PAID AND PROPOSED	Amount per Security	Franked Amount per Security at 30% of Tax
2018 Final dividend paid 19 November 2018	0.25 cents	0.25 cents
2019 interim dividend payable on 20 May 2019	0.25 cents	0.25 cents

DIVIDEND DETAILS	Half-year Ended 31 December 2018 A \$000's	Half-year Ended 31 December 2017 A \$000's
Ordinary share capital:		
Final dividend paid	\$93	\$0
Interim dividend payable	\$94	\$0

EARNINGS PER SHARE (EPS)	Half-year Ended 31 December 2018	Half-year Ended 31 December 2017
Basic EPS	0.68 cents	0.0 cents
Diluted EPS	0.67 cents	0.0 cents

NTA BACKING		
Net tangible asset backing per ordinary security	\$0.04	\$0.00




# CPT Global Limited

ABN 16 083 090 895

## Financial Report

For the half year ended 31 December 2018

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## Directors' Report

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2018.

### 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:

- Fred S Grimwade (Non-Executive Chairman)
- Gerard (Gerry) Tuddenham (Managing Director)
- Alan Baxter (Non-Executive Director) – resigned 28 November 2018
- Nigel Sandiford (Non-Executive Director) – appointed 1 October 2018
- David Lynch (CEO Australia & Asia) – resigned 17 August 2018

### OPERATING AND FINANCIAL REVIEW

CPT made a profit before tax of \$0.83 million for the half year, a 211% improvement on the comparative period. The after tax profit of \$0.25 million was a significant improvement on the comparative period but was negatively impacted by tax expenses in North America.

Revenue for the first half was 1.2% higher than the comparative period as the Banking & Finance sector in North America and the Federal Government sector in Australia continued to grow and contracts were extended and demand for other services increased. The growth in North America has largely come from time and materials contracts which provides a strong base of revenue and cash flow for the region to underwrite their risk/reward contracts.

The increase in time and materials contracts in North America has helped smooth the lumpiness of risk/reward revenue but has resulted in lower, but still strong, margins in the USA. Despite this, margin across the Group is consistent with the 2018 financial year as higher margin regions, North America and Federal, contribute a greater proportion of margin to the Group as they grow.

We have continued to balance the need to invest for growth, driving greater efficiency in how we operate and maintaining control on costs. The investment we have made in our sales capability in North America and real time payments in Canada is paying dividends and costs across the Group are within expectations for the half-year. As performance improves and the Banking & Finance sector in Australia returns to normal trading conditions, we will continue to invest in growth opportunities.

CPT is delivering on our core vision of sustainable, profitable growth and, despite the headwinds in the Banking & Finance sector in Australia, we are focussing on our 6 strategic pillars:

- **Capitalise on existing growth opportunities:** North America and Canberra are our high growth regions and the opportunities and growth have continued into FY2019. Enhancing the sales capacity in Southern, our largest region, and leveraging our expertise in payments modernisation to take advantage of the global move towards near time payments are also areas of potential growth. We are structuring the business and investing to take advantage of these opportunities.
- **Build on new opportunities in Sydney:** recent changes in the Banking & Finance sector provides us with a significant opportunity to win new clients headquartered in Sydney.
- **Global practice capability:** as North America grows, we are developing our practice model to better support the business, our consultants and our clients in all our regions and across many time zones. We continually review and adapt our services to meet client demands.
- **Engagement & communication with our workforce:** CPT is a people business and our people are our greatest strength.
- **Enhance the CPT brand in the marketplace:** we will significantly expand our presence across social media channels to target our key audience and grow our brand awareness.
- **Drive business efficiency:** we are looking business wide at how we operate to improve efficiencies and reduce costs.

## Directors' Report

### North America

North America had a very strong first half after a good finish to the 2018 financial year. Revenue grew 69% on the comparative period to 31 December 2017 and 20% on the 6 months to 30 June 2018.

Five of our top 10 clients are based in North America (HY2018: 4) and delivered 95% (HY2018: 84%) of the revenue in the region.

The Banking & Finance sector is the fastest growing and largest sector contributing 68% (HY2018: 33%) of revenue. This growth has been delivered through our traditional mainframe business as well as expanding our services into real time payments and testing and growing within clients with multi-project time and materials contracts.

Revenue generated from risk/reward contracts decreased as a proportion of revenue from 29% for the 2018 financial year to 17% in the first half of FY2019. Risk/reward contracts are still part of our core offering in North America, we have 3 contracts in progress, and will fluctuate as a proportion of revenue due to the nature of the projects and the timing of revenue recognition, however, North America is becoming less reliant on them to generate profit in the region. Risk/reward contracts will, instead, enhance the regions profitability with their superior margins. This reflects the benefit of high margin risk/reward contracts but also demonstrates that there is a growing demand in North America for our expertise and high quality delivery and outcomes across a broader spectrum of our services.

### Australia

Revenue in Australia declined by 20% against the comparative period to 31 December 2017. The decline in revenue in the banking & finance sector (55%) was partially offset by an increase in the government sector (37%).

The government sector continues to be the growth sector of the Australian business. Revenue from Federal Government clients grew as additional projects and resources were added to existing contracts and a new client won. A 6 month extension to our contract with our second biggest client globally takes our contracted work through to 30 June 2019 at the existing run rate.

Demand from the Banking and Finance sector has been lower than expected which has coincided with the Banking Royal Commission and clients transforming the way they work based on agile at scale. Freezes on head count at clients continued throughout the first half of 2019 and we don't expect to see any change until the 4<sup>th</sup> quarter.

Margins decreased slightly in the Banking and Finance sector but maintained or increased in other sectors despite the general pressure on margins in the industry. Five of our top 10 clients by revenue are based in Australia.

### Europe

Europe continues to be run out of North America as part of the greater Northern Hemisphere region. We scaled our presence in Europe back in previous periods and costs were cut to the minimum required to maintain the corporate structure and comply with relevant laws and regulation. Our strategy is to focus on a small number of key accounts and be opportunistic and agile in responding to opportunities. This has resulted in European operations breaking even in the first half.

Whilst revenue remains low in Europe, we have continued to deploy consultants on projects in North America. This has enabled us to retain key European consultants and quickly scale up delivery in North America to meet demand.

### Financial Performance

CPT Global's revenue for the half year ended 31 December 2018 was \$15.2 million, a 1.2% increase on HY2017's revenue of \$15.0 million. CPT Global's net profit after tax for the half year ended 31 December 2018 was \$0.83 million, an improvement of \$0.56 million on the HY2017 result. The improvement in performance is a result of:

- investment in the sales capability and real time payments services in North America which has driven profitable growth in the region, particularly in the Banking and Finance sector;
- profitable growth in the Federal Government sector in Australia as the contract at our largest Australia client was extended to 30 June 2019 at existing consultant numbers and a new client was contracted;
- a decline in revenue in the Banking and Finance sector in Australia;
- margins being maintained despite continued pressure from tier 1 clients in particular; and

## Directors' Report

- cost controls implemented over the last 3 years which have been maintained across the Group and contributed to maintaining the cost base within expectations.

Basic earnings per share amounted to 0.68 cents per share (diluted earnings 0.67 cents per share).

The net profit after tax includes tax expense of \$0.57 million, an effective tax rate of 69%. This is a result of: 1. changes in tax law in the USA. Deferred tax expense was incurred as a result of restating deferred tax balances at the new effective tax rate and changes to how US state taxes and federal taxes interact gave rise to an under provision of tax in FY18 and a higher than expected effective tax rate in the current financial year; and 2. the non-deductibility of interest charges on intercompany loans in Canada and the USA. \$0.21 million of the tax expense relate to these factors.

### Financial Position

CPT Global's balance sheet reflected net tangible assets of \$1.5 million as at 31 December 2018 (HY2017: \$0.0 million). Net assets are \$5.8 million (FY2018: \$5.5 million). The following is a summary of the most significant movements on balance sheet:

- Unbilled revenue (WIP) has decreased by \$0.9 million as 2 risk/reward contracts in progress at 30 June 2018 in North America were invoiced progressively over the 6 months to 31 December 2018 and converted to cash.
- Trade and other receivables decreased \$0.4 million in line with the reduction in revenue in Australia and the shorter trading month in December due to the Christmas and new year holiday period. ;
- Trade and other payables decreased by \$1.8 million as consultant numbers decreased with the reduction in revenue in Australia and the shorter trading month in December due to the Christmas and new year holiday period.
- Borrowings at year end relate to the debtor funding facility provided by Scottish Pacific and the \$0.2m payable to Efic on 31 January in final settlement of the export finance loan. \$0.4 million in funding was available at year end.

### Cash Flow

CPT had \$2.0 million in cash at 31 December 2018 (\$1.4 million 30 June 2018) and a net cash inflow of \$0.4 million for the half year. The weakening Australian dollar, particularly against the US dollar, contributed \$0.2 million to the increase in cash

The increase in cash at 31 December 2018 is due to the improved operating performance during the half, the conversion of WIP from risk/reward contracts, the timing of drawdowns on the debtor facility around period end and the payment of outstanding taxes in North America.

### Capital Management

A dividend of \$0.0025 has been declared for the half year to 31 December 2018 and will be paid on 20 May 2019.

\$1.4m was drawn against our debtor funding business at 31 December 2018 and a further \$0.4 million was available to draw on. The export finance facility with Efic was in the pay down period at 31 December 2018 with a final payment of \$0.19 million made on 31 January 2019.

During 2019 our focus will be on growing operating profit and cash flows to reduce our reliance on debt facilities and the associated costs and repay other debts so that we can rebuild our cash position. We intend to pay dividends consistently and increase the payout ratio as our financial performance allows.

### THE OUTLOOK

We expect North America and the Federal region in Australia to continue to grow in the second half of 2019 although the pace of growth is not expected to be as high as the last 12 months. Contracts at our two largest clients, a global bank based in the USA and an Australian government agency, were extended to 31 December 2019 and 30 June 2019 respectively, locking in significant revenue and margin at current run rates. We have 2 active risk/reward engagements that are contracted to 30 June 2019 and 31 December 2019.

The Australian business is expected to grow revenue during the second half although this will be concentrated in the government sector. We expect the banking & finance sector to start to grow again in the 4<sup>th</sup> quarter as the banks deal with the outcomes from the Banking Royal Commission and clients complete their transformations to

## Directors' Report

new ways of working. Until these reorganisations are complete there is uncertainty about the ongoing impact on our business. CPT has expertise in the USA in delivering compliance projects for banks reporting to the Federal Reserve. We will leverage that expertise to assist clients in the Australian banking sector as they address the outcomes from the Banking Royal Commission.

The momentum and pipeline in North America indicate a strong second half in 2019. Forecast revenue at four of our five largest North American clients is contracted for the second half allowing us to focus on growing accounts and winning new business. As Canada starts down the path of introducing a real time payments platform, CPT is well placed to provide expert consulting services given our experience on the New Payments Platform released in Australia in 2018 and our existing relationships with Canada's major banks. We are providing strategic consulting services to two banks in Canada and have generated just under \$0.5m in fees from real time payments in Canada. Our focus in North America is to continue to grow within our existing clients, convert risk/reward clients to long term recurrent revenue and grow our other services at existing and new clients.

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

Europe will continue to be managed as part of the greater Northern Hemisphere region with a scaled back presence and fixed cost base. This will allow us to adjust our strategy quickly as the need arises. Projects will be undertaken on an opportunistic basis in the short term.

### DIVIDEND

On 26 February 2019, a fully franked interim dividend of 0.25 cents per share was declared by the directors. The total value of the dividend is \$93,722 and will be paid on 20 May 2019.

The financial effect of the dividend will be recognised in second half of the financial year as it was declared after 31 December 2018.

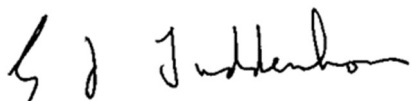
### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2018 has been received and can be found on page 7 of the directors' report.

### ROUNDING

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Gerry Tuddenham'.

Gerry Tuddenham  
Managing Director  
Melbourne, 26 February 2019

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2018 there have been:

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

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

*Rami Eltchelebi*

Rami Eltchelebi  
Partner

Melbourne, 26 February 2019



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

HALF YEAR ENDED 31 DECEMBER 2018

Notes

	31 Dec 18 \$'000	31 Dec 17 \$'000
Revenue	15,224	15,048
Other income	3	30
Salaries and employee benefits expense	(1,379)	(1,489)
Consultants benefits expense	(10,960)	(11,219)
Depreciation and amortisation expenses	(28)	(35)
Insurance expense	(111)	(124)
Finance costs	(115)	(143)
Occupancy Costs	(266)	(479)
Other expenses	(1,562)	(1,318)
Foreign currency (Losses) Gains	19	(6)
<b>PROFIT BEFORE INCOME TAX</b>	<b>825</b>	<b>265</b>
<b>INCOME TAX EXPENSE</b>	<b>(571)</b>	<b>(264)</b>
<b>PROFIT AFTER INCOME TAX</b>	<b>254</b>	<b>1</b>
<b>Other Comprehensive Loss:</b>		
<b>Items that may be subsequently reclassified to comprehensive income</b>		
Exchange differences on translating foreign controlled entities	108	(333)
<b>Total Other Comprehensive Income for the year, net of tax</b>	<b>108</b>	<b>(333)</b>
<b>TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR</b>	<b>362</b>	<b>(332)</b>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED</b>	<b>254</b>	<b>1</b>
<b>TOTAL COMPREHENSIVE PROFIT / (LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED</b>	<b>362</b>	<b>(332)</b>
Basic earnings per share (cents per share)	0.68	0.0
Diluted earnings per share (cents per share)	0.67	0.0

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

## Consolidated Statement of Financial Position

AT 31 DECEMBER 2018

	Notes	31 Dec 18 \$'000	30 June 18 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,020	1,440
Trade and other receivables		4,441	4,843
Unbilled revenue		1,424	2,283
Other current assets		242	240
<b>TOTAL CURRENT ASSETS</b>		<b>8,127</b>	<b>8,806</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		1,261	1,259
Property, plant and equipment		30	17
Intangible assets	3	4,279	4,302
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,570</b>	<b>5,578</b>
<b>TOTAL ASSETS</b>		<b>13,697</b>	<b>14,384</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,881	6,702
Borrowings	5	1,567	535
Current tax liabilities		326	578
Provisions		852	810
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,626</b>	<b>8,625</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		254	182
Other long term provisions		66	131
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>320</b>	<b>313</b>
<b>TOTAL LIABILITIES</b>		<b>7,946</b>	<b>8,938</b>
<b>NET ASSETS</b>		<b>5,751</b>	<b>5,446</b>
<b>EQUITY</b>			
Issued capital		12,264	12,228
Reserves		1,588	1,480
Retained earnings		(8,101)	(8,262)
<b>TOTAL EQUITY</b>		<b>5,751</b>	<b>5,446</b>

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

HALF YEAR ENDED 31

DECEMBER 2018

	\$'000	\$'000	\$'000	\$'000	\$'000
	Issued	Retained	Equity	Foreign	
Notes	Capital	Earnings	Reserve	Currency	Total
				Translation	
				Reserve	
<b>Balance at 1 July 2017</b>	<b>12,228</b>	<b>(9,042)</b>	<b>1,691</b>	<b>(252)</b>	<b>4,625</b>
<b>Comprehensive Income</b>					
Profit for the year	-	1	-	-	1
Other comprehensive Income	-	-	-	(333)	(333)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(333)</b>	<b>(332)</b>
<b>Transactions with owners, in their capacity as owners</b>					
Share based payments	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
Issue of Shares	-	-	-	-	-
<b>Total transactions with owners, in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2017</b>	<b>12,228</b>	<b>(9,041)</b>	<b>1,691</b>	<b>(585)</b>	<b>4,293</b>
<b>Balance at 1 July 2018</b>	<b>12,228</b>	<b>(8,262)</b>	<b>1,691</b>	<b>(211)</b>	<b>5,446</b>
<b>Comprehensive Income</b>					
Profit for the year	-	254	-	-	254
Other comprehensive Income	-	-	-	108	108
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>254</b>	<b>-</b>	<b>108</b>	<b>362</b>
<b>Transactions with owners, in their capacity as owners</b>					
Share based payments	-	-	-	-	-
Dividends paid or provided for	-	(93)	-	-	(93)
Dividend re-investment	36	-	-	-	36
Issue of Shares	-	-	-	-	-
<b>Total transactions with owners, in their capacity as owners</b>	<b>36</b>	<b>(93)</b>	<b>-</b>	<b>-</b>	<b>(57)</b>
<b>Balance at 31 December 2018</b>	<b>12,264</b>	<b>(8,101)</b>	<b>1,691</b>	<b>(103)</b>	<b>5,751</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements

## Consolidated Statement of Cash Flows

### HALF YEAR ENDED 31 DECEMBER 2018

	Notes	31 Dec 18 \$'000	31 Dec 17 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		18,229	15,198
Payments to suppliers and employees		(17,965)	(15,528)
Interest received		3	2
Finance costs		(70)	(131)
Income tax paid		(753)	(89)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(556)	(548)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of property, plant and equipment, software		(17)	21
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(17)	21
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue		-	-
Repayments of borrowings		-	-
Proceeds from borrowings		1,032	1,086
Payment of dividends on ordinary shares		(57)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		975	1,086
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		402	559
Add opening cash & cash equivalents brought forward		1,440	1,656
Effects of exchange rate changes on cash and cash equivalents		178	(381)
<b>CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<b>2,020</b>	<b>1,834</b>

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

# Notes to the Financial Statements

Half-Year Ended 31 December 2018

## 1. Basis of Preparation of the Half-Year Financial Report

### **Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

The interim financial report is intended to provide users with an update on the latest annual financial statements of CPT Global Limited and its controlled entities (referred to as "the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

### **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below. The changes in accounting policies specified below only apply to the current period.

### **New accounting standards adopted as at 1 July 2018**

#### ***AASB 9 Financial Instruments***

This Standard replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

AASB 9 and AASB 139 are largely consistent on the recognition, classification and measurement of financial assets and financial liabilities that are measured at amortised cost. CPT's financial assets are classified as loans and receivables and financial liabilities are classified as trade and other payables and borrowings, these are all measured at amortised cost, therefore there is no change in the recognition, classification and measurement as a result of adopting the new standard.

#### ***Impairment of Financial Assets***

The incurred loss model in AASB 139 has been replaced by an expected credit loss model in AASB 9 and applies to financial assets measured at amortised cost.

The Group has adopted the simplified approach for trade receivables and contract assets and measures the loss allowance at the lifetime expected credit loss. In applying the simplified approach under AASB 9, the Group uses a provision matrix based on historical experience at the client and segment level, relevant external indicators and forward-looking information to calculate the expected credit loss.

The adoption of AASB 9 has not had a material impact on the financial position or financial performance of the Group.

#### ***AASB 15 Revenue from Contracts with Customers***

This Standard replaced various standards and interpretations applicable to revenue with a single, principles-based model and applies to all the Group's contracts with customers. The core principle of AASB 15 is that the Group recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, the Group follows the five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and

# Notes to the Financial Statements

## Half-Year Ended 31 December 2018

### 1. Basis of Preparation of the Half-Year Financial Report

- recognise revenue when (or as) the performance obligation is satisfied.

The Group enters contracts with clients to provide IT consulting services on a time and materials, fixed price, milestone based and risk/reward basis, or variations thereof. The performance obligations in each contract are identified and the total transaction price for each contract is allocated against the various performance obligations based on their stand-alone selling prices.

Revenue is recognised either at a point in time or over time as performance obligations are satisfied by transferring the goods or services to the client. Revenue is recognised over time if:

- the client simultaneously receives and consumes the benefits as the Group performs;
- the client controls the asset as the Group creates or enhances it; or
- the Group's performance does not create an asset for which the client has an alternative use and there is a right to payment for performance to date.

If the criteria above are not met, revenue is recognised at a point in time.

When revenue is recognised over time the progress towards complete satisfaction of the performance obligations as the services are delivered is measured using the stage of completion method except for risk/reward contracts as discussed below. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated hours for each performance obligation. Clients are invoiced monthly in arrears unless the contract specifies otherwise.

Risk/reward revenue is recognised by measuring the progress towards complete satisfaction of the performance obligations. The method of measuring progress is determined using an output method as the Group has determined that an output method best reflects the pattern of transfer of value to the customer. The output is measured in either MIPS or MSUs saved for the customer and the progress is measured by reference to the MIPS or MSUs saved to date as a percentage of total estimated MIPS or MSUs for each performance obligation. The MIPS or MSUs saved to date is determined by identifying all opportunities identified at a point in time and weighting the likelihood of the client realising the savings based on fixed and measurable stages in a risk/reward project. The weighting at each stage is based on the Group's experience completing risk/reward projects. Clients are invoiced in accordance with the contract terms which generally stipulate that invoices can be submitted when the savings have been measured and confirmed by the client and the Group.

There has been no change in the timing of revenue recognition on adoption of AASB 15 when compared to the accounting policies applied in previous financial years.

### Critical Accounting Estimates and Judgements

The critical estimates and judgements made by management in preparing this half year financial report are consistent with those applied and disclosed in the June 2018 annual report.

# Notes to the Financial Statements

## Half-Year Ended 31 December 2018

### 1. Basis of Preparation of the Half-Year Financial Report

### 2. DIVIDENDS

	As at 31 Dec 18 \$'000	As at 31 Dec 17 \$'000
<b>(a) Dividends paid during the year</b>		
• <i>Prior year final</i>		
Franked dividends (0.25c per share) (2017: 0.0c per share)	93	-
	<b>93</b>	
<b>(b) Aggregate dividends declared post period end</b>		
Fully franked interim dividend of 0.25 cents per share (2017: 0.0 cents per share franked at the tax rate of 30%).	94	-
	<b>94</b>	

The balance of the franking account at period end after adjusting for franking debits arising from the payment of the proposed interim dividend is 2,382,410.

### 3. INTANGIBLE ASSETS

	31 Dec 18 \$'000	30 June 18 \$'000
Goodwill at cost	9,659	9,659
Accumulated impairment losses	(5,502)	(5,502)
Total goodwill	4,157	4,157
Intellectual Property at cost	75	75
Software at cost	750	818
Disposals	-	(68)
Write back of accumulated amortisation on disposals	-	68
Accumulated amortisation	(703)	(680)
Total software	47	70
Total intangible assets	4,279	4,302

At 31 December 2018 there was an impairment indicator asset assessment undertaken of the goodwill allocated to the Australian CGU and goodwill is not impaired.

### 4. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

## Notes to the Financial Statements

### Half-Year Ended 31 December 2018

#### 5. BORROWINGS

	Note	As at 31 Dec 18 \$'000	As at 30 June 18 \$'000
<b>CURRENT</b>			
Secured borrowings	5(a)	1,376	-
Unsecured borrowings	5(b)	191	535
Total borrowings		1,567	535
<b>Unutilised financing facilities</b>			
Credit facility		6,200	6,200
Amount secured utilised	5(a)	(1,376)	-
Amount unsecured utilised	5 (b)	(191)	(535)
		4,633	5,665

- (a) The parent entity has a debtors financing facility in place. The facility is secured by a first registered company charge (mortgage debenture) over the carrying value of the total assets of the parent entity, which totalled \$5.8m at the end of the reporting period. Interest is charged at a 5.5% margin above the 90 day Bank Bill Swap Rate. The maximum facility is \$5m with the available facility based on the value of the Australian debtor book. At 31 December 2018, the available funding under the facility was \$0.4m.
- (b) The parent entity entered into a \$1.2m export contract loan agreement on 23 February 2018 with Efic. The loan is available to be drawn until 31 October 2018 and is repayable by 31 January 2019. Interest is charged at BBSY plus a margin of 6% and a commitment fee of 1% is payable on the undrawn facility. Each subsidiary of the parent is a guarantor of the loan. There is no other security attached to the loan.

#### 6. OPERATING SEGMENTS

##### Segment Performance

	Australia		Europe		North America		Consolidated	
	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>								
External Sales	8,639	10,847	356	518	6,229	3,683	15,224	15,048
Miscellaneous Revenue							-	31
<b>Total Group Revenue</b>							15,224	15,079
<b>Segment Gross Profit before tax</b>	2,240	2,782	90	138	2,770	1,716	5,103	4,667
<i>Reconciliation of segment result to group profit/loss before tax</i>								
Unallocated Items								
- Overheads							(4,278)	(4,402)
<b>Profit/ (Loss) before tax</b>							825	265



## Notes to the Financial Statements

### Half-Year Ended 31 December 2018

#### 6. OPERATING SEGMENTS (cont.)

##### Segment Assets

	Australia		Europe		North America		Consolidated	
	Dec-18	Jun-18	Dec-18	Jun-18	Dec-18	Jun-18	Dec-18	Jun-18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment Assets</b>	<b>3,102</b>	3,085	<b>474</b>	485	<b>2,194</b>	3,554	<b>5,770</b>	7,124
Segment asset increases for the period:								
- Capital Expenditure	-	-	-	-	-	-	-	-
	<b>3,102</b>	3,085	<b>474</b>	485	<b>2,194</b>	3,554	<b>5,770</b>	7,124
<i>Reconciliation of segment assets to group assets</i>								
Unallocated assets:								
- Goodwill	<b>4,232</b>	4,232	-	-			<b>4,232</b>	4,232
- Property, plant & equipment							<b>76</b>	87
- Other Assets							<b>3,619</b>	2,941
<b>Total Group Assets</b>							<b>13,697</b>	14,384

##### Segment Liabilities

	Australia		Europe		North America		Consolidated	
	Dec-18	Jun-18	Dec-18	Jun-18	Dec-18	Jun-18	Dec-18	Jun-18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment Liabilities</b>	<b>4,925</b>	5,396	<b>402</b>	398	<b>917</b>	1,434	<b>6,244</b>	7,228
Segment liability increases for the period:								
-	-	-	-	-	-	-	-	-
	<b>4,925</b>	5,396	<b>402</b>	398	<b>917</b>	1,434	<b>6,244</b>	7,228
<i>Reconciliation of segment liabilities to group liabilities</i>								
Unallocated liabilities:								
- Provisions	<b>1,450</b>	1,532	-	-	<b>252</b>	178	<b>1,702</b>	1,710
- Other Liabilities	-	-	-	-	-	-	-	-
<b>Total Group Liabilities</b>							<b>7,946</b>	8,936

## Notes to the Financial Statements

### Half-Year Ended 31 December 2018

#### 7. SHARE-BASED PAYMENTS

On 28 November 2018, 450,000 performance rights were granted to directors to take up ordinary shares. The performance rights expire on 27 November 2022, vest over a three year period in three equal tranches and are contingent upon the Company's net profit after tax and share price reaching targets in each of the 2019, 2020 and 2021 financial years.

The performance shares 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 shares remain employed by CPT.

The fair value of the performance shares, at the time they were granted, was determined to be \$27,863.

#### 8. EVENTS AFTER THE REPORTING PERIOD

On 31 January 2019, the balance of the \$1.2m export contract loan agreement with Efic was repaid. See note 5(b) for further information on the facility.

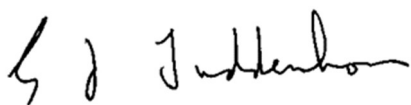
On 26 February 2019 an interim dividend of 0.25 cents per share was declared.

## Directors' Statement

In accordance with a resolution of the directors of CPT Global Limited, the directors of the company declare that:

- (1) The financial statements and notes, as set out on pages 8 to 17, are in accordance with the Corporations Act 2001 including:
  - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
- (2) 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Gerry Tuddenham'. The signature is fluid and cursive, with a large initial 'G' and 'T'.

Gerry Tuddenham  
Managing Director  
Melbourne, 26 February 2019

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CPT GLOBAL LIMITED AND CONTROLLED ENTITIES**

### **Report on the Half-year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of CPT Global Limited ("the Company") and Controlled Entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes to the financial statements and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Directors' Responsibility for the Half-year Financial Report*

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

#### *Auditor's Responsibilities for the Review of the Half-Year Financial Report*

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

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

*Independence*

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

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

*Rami Eltchelebi*

Rami Eltchelebi  
Partner

Melbourne, 26 February 2019

## Corporate Information

**ACN 083 090 895**

**ABN 16 083 090 895**

### Directors

**Fred Grimwade**

(Non-executive Chairman)

**Gerard (Gerry) Tuddenham**

(Managing Director)

**Nigel Sandiford**

(Non-executive Director)

### Company Secretary

**Grant Sincock**

### Principal Registered Office

Level 3, 818 Bourke Street

Docklands VIC 3008

Telephone: +61 (0)3 9684 7900

Internet: [www.CPTglobal.com](http://www.CPTglobal.com)

### ASX Code

**CGO**

### Auditors

**ShineWing Australia**

Level 10, 530 Collins Street

Melbourne VIC 3000

### Share Register

**Boardroom Pty Ltd**

Level 12, 225 George Street

Sydney NSW 2000

Telephone: 1300 737 760

Facsimile: +61 (0)2 9290 9600

### Solicitors

**Nicholson Ryan Lawyers**

### Bankers

**ANZ Banking Group Limited**

### 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](http://www.CPTglobal.com)