



## ASX ANNOUNCEMENT

### CPT GLOBAL LIMITED (ASX: CGO)

27 February 2020

### APPENDIX 4D & FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

CPT Global Limited is pleased to provide the following information for the financial period ended 31 December 2019:

1. Appendix 4D Half Year Report; and
2. Financial Report for the Half Year Ended 31 December 2019.

This ASX Announcement has been approved for release by the Board of CPT Global Limited.

**For further information please contact:**

Gerry Tuddenham  
Managing Director  
T: +61 3 9684 7900  
E: [gtuddenham@cptglobal.com](mailto:gtuddenham@cptglobal.com)  
<http://www.cptglobal.com/>

**Forward looking statements**

Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause CPT's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Neither CPT, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. In addition, please note that past performance is no guarantee or indication of future performance.

Investors should consult with their own professional advisors in connection with any acquisition or dealing of securities.

+61 3 9684 7900

3/818 Bourke Street, Docklands, VIC 3008

[www.cptglobal.com](http://www.cptglobal.com)



## Appendix 4D: CPT Global Limited

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Key Information

				Half-year Ended 31 December 2019 A \$000's	Half-year Ended 31 December 2018 A \$000's
Revenues from ordinary activities	down	-20.8%	to	\$12,058	\$15,224
Net Profit (Loss) <b>before tax</b> attributable to members	up	-650.3%	to	(\$4,540)	\$825
Net Profit (Loss) <b>after tax</b> attributable to members	up	-1591.3%	to	(\$3,788)	\$254

### DIVIDENDS PAID AND PROPOSED

	Amount per Security	Franked Amount per Security at 27.5% of Tax
2019 Final dividend paid 18 November 2019	0.50 cents	0.50 cents

### DIVIDEND DETAILS

	Half-year Ended 31 December 2019 A \$000's	Half-year Ended 31 December 2018 A \$000's
<b>Ordinary share capital:</b>		
Final dividend paid	\$189	\$93
Interim dividend payable	N/A	\$94

### EARNINGS PER SHARE (EPS)

	Half-year Ended 31 December 2019	Half-year Ended 31 December 2018
Basic EPS	(9.89) cents	0.68 cents
Diluted EPS	(9.81) cents	0.67 cents

### NTA BACKING

Net tangible asset backing per ordinary security	\$0.06	\$0.04
--	--------	--------

+61 3 9684 7900

Info@cptglobal.com

www.cptglobal.com

February, 2020



For personal use only

# CPT Global Limited

ABN 16 083 090 895

Financial Report

For the half year ended 31 December 2019

 +61 3 9684 7900

 [Info@cptglobal.com](mailto:Info@cptglobal.com)

 [www.cptglobal.com](http://www.cptglobal.com)

## Contents

Directors' Report	3
Auditors Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	20
Independent Audit Report	21

For personal use only

## Directors' Report

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2019.

### 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)
- Nigel Sandiford (Non-Executive Director)

### OPERATING AND FINANCIAL REVIEW

CPT made a loss after tax of \$3.79million for the half year, compared to a profit of \$0.25 million in the comparative period. The decline in the bottom line resulted from a one off \$4.23 million impairment loss as the carrying value of goodwill was fully impaired.

The profit after tax but before the impairment charge was \$0.44 million, a 76% improvement on the comparative period. The improvement in the result before impairment charges was due to \$1.74 million of intercompany interest expense from the 2014, 2015 and 2016 financial years becoming deductible for tax purposes in the USA. The tax benefit of \$0.52 million was not previously recognised as there was uncertainty as to whether the conditions for deductibility under the USA tax code would be met.

The loss before tax and impairment charges was \$0.31 million, \$1.14 million below the \$0.83 million profit in the comparative period.

The loss is a result of revenue not meeting our expectations in the first half. Revenue was 20.8% lower than the comparative period and below our expectations. Australian revenue was \$2.56 million below the comparative period and North America was \$0.47 million below the comparative period.

The decline in revenue against the comparative period came from the:

- Australian Banking & Finance sector which is \$1.31 million below the comparative period. We expected a decline in this sector compared to the comparative period but we also expected growth to return to the sector during this financial year. There are positive signs but this is yet to result in significant revenue growth. On the positive front, the decline in revenue has stopped and we are maintaining our current consultant numbers and starting to close new contracts. We expect revenue in the 2020 financial year to be below 2019 but we do expect to see growth in the second half of the year.
- Australian Federal Government sector which is \$0.50 million below the comparative period. This decline is temporary and we expect revenue for the full year to exceed the 2019 financial year as we continue to expand our presence throughout the second half.
- Australian Insurance sector which is \$0.68 million below the comparative period. Contracts concluded at 3 of our 4 insurance clients in the 2019 financial year and we were expecting to see a decline in this sector in the 2020 financial year.
- Canadian Telecommunications sector where our largest client in Canada has not renewed our contracts as they rationalised the number of companies providing services in areas that were within the scope of the contracts with their IT outsourcers. Revenue was \$0.38 million below the comparative period.
- Risk reward revenue was \$0.67 million below expectations as clients reassessed their IT spend and priorities. Both of our risk reward contracts were unexpectedly concluded by the clients as a result of internal reprioritisation. Revenue from these contracts in the second half of the year is expected to be minimal.

## Directors' Report

During the first half of the financial year the following factors, in addition to the above, contributed to revenue not meeting our expectations:

- The payments modernisation program in Canada continues to be delayed due to industry issues that need to be resolved. The Canadian banks focussed on upgrading systems for SWIFT upgrades and reduced cost on their payments modernisation projects. We have been able to offset some of the lost revenue by delivering services direct to Payments Canada, however, revenue is still \$0.41 million below expectation. We are well positioned to continue providing services to Canadian banks when the payments modernisation projects come back online, most likely in the second half of the 2020 calendar year.
- The ramp up period at our largest Australian client, a Federal Government agency, has been longer than expected and is \$0.90 million below expectation. Revenue will continue to grow in the second half of the year and will exceed the 2019 financial year.

Our operating costs have increased by \$0.28 million on the comparative period. We have invested in sales resources in Canada and Australia to help drive growth and insurance premiums have increased with the market, however, the main increase in expenses has been on software licence fees (\$0.27 million) paid to third parties which CPT then sells to clients as the head contractor and earns revenue and margin.

There were many positives during the first half:

- Margins were maintained and in line with expectations despite the decline in risk reward revenue and pressure from clients. We have focussed on accurately scoping and costing projects and leveraging our capacity to service clients with onsite and offsite resources.
- We won a testing contract on a Workday installation at an Australian university worth up to \$2.5 million over 14 months.
- \$1.69 million of revenue was generated from new and returning clients.
- 83% of revenue was generated from our top 10 clients with North America and Australia having 5 clients each in the top 10.
- \$0.78 million of tax losses that resulted from intercompany interest from 2014 to 2019 being deductible in the 2019 tax year are available to offset future tax payable in the USA.
- Intercompany interest expense in the USA will be deductible for tax purposes in the 2020 financial year.

Despite the disappointing first half, we remain positive about the outlook for the business and the potential for growth. Our expectations for the 2020 financial year were that most of the growth would come in the second half of the year as we commenced a new project at an Australian University, ramped up the number of consultants at our largest Australian client and grew our payments modernisation service in Canada. We have revised our expectations downwards with the developments in the Canadian payments modernisation program, the conclusion of our risk reward contracts and the uncertainty about growth in the Australian Banking sector. We expect revenue to exceed the 2019 financial year but profit after tax (and excluding impairment of goodwill) will fall significantly below the 2019 financial year.

### Financial Performance

CPT Global's revenue for the half year ended 31 December 2019 was \$12.06 million, a 20.8% decrease on the comparative period revenue of \$15.22 million. CPT Global's net loss after tax for the half year ended 31 December 2019 was \$3.79 million and was a result of the factors discussed above.

Basic earnings per share amounted to -9.89 cents per share (diluted earnings -9.81 cents per share).

The net loss after tax includes:

- tax revenue of \$0.75 million. This is a result of: (a). claiming a tax deduction for intercompany interest in the USA for the years 2014 to 2019 in the 2019 tax return. A deferred tax asset had not been recognised for the years 2014 to 2016, as discussed above, giving rise to a tax benefit of \$0.52 million; and (b). recognising the net tax loss for the first half of the financial year.

## Directors' Report

- an impairment charge against goodwill allocated to the Australian CGU of \$4.23 million. Goodwill was impaired as the revenue and operating profit of the Australian CGU in the first half of the financial year were below budget and are unlikely to meet budget for the full financial year. The Australian business had a difficult financial year in 2019 with revenue falling 29% against the 2018 financial year, the banking & finance sector declined by 57% after 5 years of consistent growth. Banking & finance had been one of CPT's largest and best performing sectors in Australia over many years so the decline in revenue had a significant impact on performance. There were several reasons for revenue declining in the banking & finance sector, with internal transformations and the banking royal commission being two of the main ones. At the end of the 2019 financial year we saw these negative influences on revenue in the sector as temporary and expected revenue to grow quickly in the 2020 financial year. While we have seen growth in the banking & finance sector and in Australia more generally, that growth has fallen short of our expectations. A valuation of the Australian CGU at 31 December 2019 resulted in the carrying value of intangible assets in the Australian CGU being impaired to nil.

### Financial Position

CPT Global's balance sheet reflected net tangible assets of \$2.32 million as at 31 December 2019 (30 June 2019: \$2.11 million). Net assets are \$2.33 million (30 June 2019: \$6.37 million). The following is a summary of the most significant movements on balance sheet:

- Unbilled revenue (WIP) has decreased by \$0.97 million. Milestone projects were invoiced by period end and reflected in debtors or cash. Risk reward WIP decreased by \$0.50 million with 1 risk reward project invoiced before period end and WIP written off during the half year as projects moved through the client acceptance processes.
- Trade and other receivables decreased \$1.06 million in line with the lower revenue and the shorter trading month in December due to the Christmas and new year holiday period.
- The current tax asset is tax refunds and credits receivable in the USA and Australia due to tax instalments paid in the 2019 and 2020 financial years exceeding the tax liabilities incurred. In the comparative period a current tax liability was recognised.
- Property plant and equipment increased by \$0.90 million due to the initial application of AASB 16: Leases and the recognition of right-of-use assets and the corresponding lease liabilities.
- Goodwill and intellectual property were impaired by \$4.23 million as discussed above and have a carrying value of nil.
- Trade and other payables increased by \$0.53 million even though business activity had declined. The increase was due to superannuation and other statutory payments being cleared by 30 June 2019 but in this financial year they were paid after 31 December 2019.
  - Borrowings at year end relate to the debtor funding facility provided by Scottish Pacific and the lease liability recognised on adoption of AASB 16 Leases.

### Cash Flow

CPT had \$2.52 million in cash at 31 December 2019 (\$1.65 million 30 June 2019) and a net cash inflow of \$0.95 million for the half year.

The increase in cash at 31 December 2019 is due to the conversion of WIP to cash, the timing of drawdowns on the debtor facility around period end and the timing of the payment of statutory liabilities in Australia.

### Capital Management

No dividend has been declared for the half year to 31 December 2019. We intend to continue to pay dividends as profits allow although due to the nature of the profit for this period, being from tax benefits rather than operations, a dividend has not been declared for the first half.

## Directors' Report

\$0.13 million was drawn against our debtor funding business at 31 December 2019 and a further \$0.21 million was available to draw on.

During 2020 our focus is on continuing to generate operating profits 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 and increase the payout ratio as our financial performance allows.

### THE OUTLOOK

We expect to see moderate revenue growth in the 2020 financial year as demand for our core services grows, particularly testing, performance and mainframe. The revenue growth will not meet the targets we set at the start of the financial year due to the issues in the payment modernisation program in Canada, the early completion of risk reward projects in the USA, completion of all contracts at our largest client in Canada and the longer than expected ramp up in revenue at our largest Australian client. These issues have been discussed in more detail above.

Profit before tax for the 2020 financial year is expected to be significantly lower than the 2019 financial year. With no risk reward revenue expected in the second half, the margin will soften in the second half compared to the 2019 financial year. We have invested in sales resources in Australia and Canada during the financial year which will lead to higher costs than in the 2019 financial year. We are committed to building our sales capability in these regions as our growth strategy is still valid despite the setbacks in the first half of the financial year.

Demand for real time payments expertise in Canada will return when Canadian banks complete the SWIFT upgrades and Payments Canada resolves the program issues. We do not expect to see any significant change in demand until the first half of the 2021 financial year. The USA and European Union are also planning to develop real time payment platforms and we will leverage our expertise, experience and extensive client relationships in the banking sector to expand our payments services in the medium term.

Services focussed on the mainframe continue to be the main source of revenue in the Northern Hemisphere. We expect to continue to grow these services, however, the pace of growth has returned to rates in line with industry forecasts after step growth in the 2019 financial year. Mainframe services in Australia has been a small component of revenue over the last 5 years but we are starting to see businesses allocate budget to optimising the mainframe environment as digital technology contribute to the growth in transactions that touch the mainframe. We completed 2 projects this financial year at 2 Australian banks focussed on optimising the mainframe environment. Over the past 2.5 years we have seen an increase in mainframe services being delivered as time and materials engagements rather than risk/reward. The growth in revenue in North America over the last few financial periods was largely from these engagements. This is providing more consistent revenue, margin and cashflow in the North American business. We expect this trend to continue which will provide a strong base of recurring, profitable revenue in North America upon which risk/reward contracts can deliver profit in excess of expectations.

We generated revenue and margin in the first half of the financial year from Robotic Process Automation (RPA) with both sales of software and services. However, the growth in revenue has been slower than we expected, and we have lowered our growth targets for the 2020 financial year. We still see RPA as a growth service over the short to medium term and we are reviewing our go to market strategy to better target our sales effort. The Australian business is still expanding in the government sector on the back of the 12 month contract we signed at our largest Australian client. Growth in the banking & finance sector has been elusive as market conditions and other factors outside our control have resulted in projects not proceeding or progressing on to subsequent stages. We are seeing indications of a growth in demand but we do not expect sustained growth to return this financial year. We are optimistic that the Australian business will grow revenue this financial year and the growth will be sustainable.

The various issues in North America noted above will result in a decline in revenue and operating profit in the region this financial year. The underlying business and opportunities are still strong and we expect that North America will grow profitably over the short to medium term. 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.

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. We expect revenue for the full year to exceed 2019 based on contracted work in the second half.

## Directors' Report

Our Asian operations are focussed on China and our partner model. With the outbreak of COVID-19 we have decided to cancel upcoming sales campaigns in Asia and redirect resources to Australia. We are monitoring the situation in China and will resume business development and delivery in China when we are satisfied, in consultation with our partner and the Australian Government, that it is safe for our employees.

Maintaining the margins on our core services was a focus of the Group for the 2020 financial year. We have succeeded in the first half and we expect to maintain this for the balance of the financial year.

### DIVIDEND

No dividend has been declared for the half year to 31 December 2019.

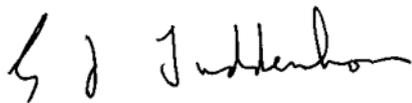
### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2019 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.



Gerry Tuddenham  
Managing Director  
Melbourne, 27 February 2020

**Auditor's Independence Declaration under Section 307C of the *Corporations Act*  
2001 to the Directors of CPT Global Limited**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2019 there has 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, 27 February 2020

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

HALF YEAR ENDED 31 DECEMBER 2019

Notes

	31 Dec 19 \$'000	31 Dec 18 \$'000
Revenue	12,058	15,224
Other income	7	3
Salaries and employee benefits expense	(1,271)	(1,379)
Consultants benefits expense	(8,636)	(10,960)
Depreciation and amortisation expenses	(177)	(28)
Insurance expense	(155)	(111)
Finance costs	(102)	(115)
Occupancy Costs	(158)	(266)
Other expenses	(1,853)	(1,562)
Foreign currency (Losses) Gains	(21)	19
Impairment loss	(4,232)	-
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>(4,540)</b>	<b>825</b>
<b>INCOME TAX BENEFIT/(EXPENSE)</b>	<b>752</b>	<b>(571)</b>
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>	<b>(3,788)</b>	<b>254</b>
<b>Other Comprehensive Loss:</b>		
<b>Items that may be subsequently reclassified to comprehensive income</b>		
Exchange differences on translating foreign controlled entities	(157)	108
<b>Total Other Comprehensive Income for the year, net of tax</b>	<b>(157)</b>	<b>108</b>
<b>TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR</b>	<b>(3,945)</b>	<b>362</b>
<b>PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED</b>	<b>(3,788)</b>	<b>254</b>
<b>TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED</b>	<b>(3,945)</b>	<b>362</b>
Basic earnings per share (cents per share)	(9.89)	0.68
Diluted earnings per share (cents per share)	(9.81)	0.67

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 2019

	Notes	31 Dec 19 \$'000	30 June 19 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,516	1,653
Trade and other receivables		3,003	4,059
Unbilled revenue		617	1,583
Current tax asset		570	-
Other current assets		184	139
<b>TOTAL CURRENT ASSETS</b>		<b>6,890</b>	<b>7,434</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		1,783	1,096
Property, plant and equipment		926	31
Intangible assets	3	1	4,256
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,710</b>	<b>5,383</b>
<b>TOTAL ASSETS</b>		<b>9,600</b>	<b>12,817</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,282	4,749
Borrowings	5	426	415
Current tax liabilities		-	400
Provisions		769	728
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,477</b>	<b>6,292</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		138	126
Other long term provisions		32	31
Borrowings		627	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>797</b>	<b>157</b>
<b>TOTAL LIABILITIES</b>		<b>7,274</b>	<b>6,449</b>
<b>NET ASSETS</b>		<b>2,326</b>	<b>6,368</b>
<b>EQUITY</b>			
Issued capital		12,399	12,308
Reserves		1,360	1,516
Retained earnings		(11,433)	(7,456)
<b>TOTAL EQUITY</b>		<b>2,326</b>	<b>6,368</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 2019

	\$'000	\$'000	\$'000	\$'000	\$'000
	Issued Capital	Retained Earnings	Equity Reserve	Foreign Currency Translation Reserve	Total
Notes					
<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>
<b>Balance at 1 July 2019</b>	<b>12,308</b>	<b>(7,456)</b>	<b>1,706</b>	<b>(189)</b>	<b>6,369</b>
<b>Comprehensive Income</b>					
Profit/(loss) for the year	-	(3,788)	-	-	(3,788)
Other comprehensive Income	-	-	-	(157)	(157)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(3,788)</b>	<b>-</b>	<b>(157)</b>	<b>(3,945)</b>
<b>Transactions with owners, in their capacity as owners</b>					
Share based payments	-	-	-	-	-
Dividends paid or provided for	-	(189)	-	-	(189)
Dividend re-investment	91	-	-	-	91
Issue of Shares	-	-	-	-	-
<b>Total transactions with owners, in their capacity as owners</b>	<b>91</b>	<b>(189)</b>	<b>-</b>	<b>-</b>	<b>(98)</b>
<b>Balance at 31 December 2019</b>	<b>12,399</b>	<b>(11,433)</b>	<b>1,706</b>	<b>(346)</b>	<b>2,326</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 2019

	Notes	31 Dec 19 \$'000	31 Dec 18 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		17,557	18,229
Payments to suppliers and employees		(15,146)	(17,965)
Interest received		2	3
Finance costs		(56)	(70)
Income tax paid		(892)	(753)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		<u>1,465</u>	<u>(556)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of property, plant and equipment, software		(6)	(17)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		<u>(6)</u>	<u>(17)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issue		-	-
Repayments of borrowings		(405)	-
Proceeds from borrowings		-	1,032
Payment of dividends on ordinary shares		(99)	(57)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(504)</u>	<u>975</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		955	402
Add opening cash & cash equivalents brought forward		1,653	1,440
Effects of exchange rate changes on cash and cash equivalents		(92)	178
<b>CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>		<u><u>2,516</u></u>	<u><u>2,020</u></u>

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 2019

## 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 2019, 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 2019

#### AASB 16: Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. A right-of-use asset and a corresponding lease liability for all lease arrangements in which CPT is the lessee, except for leases with a term of 12 months or less and leases of low value assets in which the lease payments are recognised as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments less any lease incentives receivable;
- variable lease payments that depend on an index or rate which are initially measured using the index or rate at the commencement date;
- the amount expected to be paid under residual guarantees;
- the exercise price of purchase options if it is reasonably certain that the option will be exercised; and
- payments of penalties for terminating a lease if the lease term reflects the exercise of an option to terminate a lease.

Lease liabilities are presented as a separate line item in the consolidated statement of financial position.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount for lease payments made.

# Notes to the Financial Statements

Half-Year Ended 31 December 2019

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

### New accounting standards adopted as at 1 July 2019 (cont.)

The lease liability is remeasured whenever:

- the lease term has changed or there has been a change in the assessment of the exercise of a purchase option as a result of a significant event or change in circumstances;
- the lease payments change due to a change in an index or a change in expected payment under a guaranteed residual value;
- a lease contract is modified and the modification is not accounted for as a separate lease.

Corresponding adjustments to the right-of-use asset are made whenever the lease liability is remeasured. No adjustments to the lease liability were required during this financial period.

Right-of use assets comprise the initial measurement of the lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. Subsequent measurement is at cost less accumulated depreciation and impairment losses.

Right-of use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is the shorter. Depreciation starts from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

On initial adoption of AASB 16 on 1 July 2019, the Group elected to use the 'cumulative catch-up' approach. Under this approach the lease liability was initially recognised at the present value of future lease payments and the right of use asset was valued at an amount equal to the lease liability.

The impact on initial adoption was to recognise value-in-use assets and lease liabilities in the statement of financial position at \$1.04 million

### 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 2019 annual report.

# Notes to the Financial Statements

## Half-Year Ended 31 December 2019

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

### 2. DIVIDENDS

	As at 31 Dec 19 \$'000	As at 31 Dec 18 \$'000
<b>(a) Dividends paid during the year</b>		
• <i>Prior year final</i>		
Franked dividends (0.50c per share) (2018: 0.25c per share)	189	93
	<u>189</u>	<u>93</u>
<b>(b) Aggregate dividends declared post period end</b>		
Fully franked interim dividend of 0.00 cents per share (2018: 0.25 cents per share franked at the tax rate of 30%).	-	94
	<u>-</u>	<u>94</u>

### 3. INTANGIBLE ASSETS

	31 Dec 19 \$'000	30 June 19 \$'000
Goodwill at cost	9,659	9,659
Accumulated impairment losses	(9,659)	(5,502)
Total goodwill	<u>-</u>	<u>4,157</u>
Intellectual Property at cost	75	75
Accumulated impairment losses	(75)	-
Total intellectual property	<u>-</u>	<u>75</u>
Software at cost	750	750
Disposals	-	-
Write back of accumulated amortisation on disposals	-	-
Accumulated amortisation	(749)	(726)
Total software	<u>1</u>	<u>24</u>
Total intangible assets	<u>1</u>	<u>4,256</u>

At 31 December 2019 there was an impairment indicator asset assessment undertaken of the intangible assets allocated to the Australian CGU. As the Australian CGU had not achieved its revenue budget for the 6 month period to 31 December 2019, an indicator of impairment existed and a valuation of intangible assets was performed to determine the recoverable amount.

The valuation confirmed that the balance of goodwill and intellectual property were impaired and an impairment loss of \$4.2 million recognised in the Statement of Profit and Loss. The impairment loss results in goodwill and intellectual property being impaired to zero in the Statement of Financial Position.

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 3.5% (30 June 2019: 3.5%).

# Notes to the Financial Statements

## Half-Year Ended 31 December 2019

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

#### Key Assumptions

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

	Discount rate		Gross Margin		Compound Annual Revenue Growth		Terminal Growth Rate	
	HY2019	FY2019	HY2019	FY2019	HY2019	FY2019	HY2019	FY2019
	Australian Segment	19.4%	19.4%	27.6%	29.0%	4.0%	8.9%	3.5%

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;
- Revenue growth rates;
- Terminal growth rates; and
- Corporate costs.

*Discount rate* – the discount rate is a pre-tax rate and reflects the risks associated with the CGU.

*Gross profit margins* – values assigned reflect past experience, margins on existing contracts and analysis of the market conditions.

*Revenue growth rates* – reflects management's expectations of revenue growth in the context of the Group's Australian market strategy. Compound annual sales growth represents the annual growth rate over the 5 year forecast period. Revenue growth from FY19 to FY20 is budgeted at 5%.

*Terminal growth rates* – reflect management's expectation of revenue and profit growth in the periods beyond the 5 year forecast and are based on expected growth during the forecast period, long term historical growth, industry forecasts, operating leverage and level of fixed and variable costs.

*Corporate costs* – corporate costs are allocated to the CGU based upon the CGU's proportional contribution to the revenue of the Group.

#### 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 2019

#### 5. BORROWINGS

	Note	As at 31 Dec 19 \$'000	As at 30 June 19 \$'000
<b>CURRENT</b>			
Secured borrowings	5(a)	135	415
Lease liability	5(b)	291	-
<b>Total borrowings</b>		<b>426</b>	<b>415</b>
<b>NON- CURRENT</b>			
Lease liability	5(b)	627	-
<b>Unutilised financing facilities</b>			
Credit facility		5,000	5,000
Amount secured utilised	5(a)	(135)	(415)
		<b>4,865</b>	<b>4,585</b>

- (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 \$5.4m 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 30 June 2019, the available funding under the facility was \$0.8m.
- (b) The Group has various lease contracts for the use of property, car parks and office equipment. On initial recognition, the leases had terms of between 16 months and 5 years remaining. The weighted average incremental borrowing rates used to measure lease liabilities are 7%.

#### 6. OPERATING SEGMENTS

##### Segment Performance

	Australia		Europe		North America		Consolidated	
	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>								
External Sales	6,077	8,639	220	356	5,762	6,229	12,058	15,224
Miscellaneous Revenue							-	-
<b>Total Group Revenue</b>							<b>12,058</b>	<b>15,224</b>
<b>Segment Gross Profit before tax</b>	<b>1,636</b>	2,240	<b>76</b>	90	<b>2,333</b>	2,770	<b>4,051</b>	5,103
<i>Reconciliation of segment result to group profit/loss before tax</i>								
Unallocated Items								
- Overheads							(4,359)	(4,278)
- Impairment loss							(4,232)	-
<b>Profit/ (Loss) before tax</b>							<b>(4,540)</b>	825

## Notes to the Financial Statements

### Half-Year Ended 31 December 2019

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

##### Segment Assets

	Australia		Europe		North America		Consolidated	
	Dec-19	Jun-19	Dec-19	Jun-19	Dec-19	Jun-19	Dec-19	Jun-19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment Assets</b>	<b>1,716</b>	2,648	<b>345</b>	167	<b>1,466</b>	2,732	<b>3,527</b>	5,547
Segment asset increases for the period:								
- Capital Expenditure	-	-	-	-	-	-	-	-
	<b>1,716</b>	2,648	<b>345</b>	167	<b>1,466</b>	2,732	<b>3,527</b>	5,547
<i>Reconciliation of segment assets to group assets</i>								
Unallocated assets:								
- Goodwill	-	4,232	-	-			-	4,232
- Property, plant & equipment							<b>927</b>	55
- Other Assets							<b>5,147</b>	2,982
<b>Total Group Assets</b>							<b>9,600</b>	12,816

##### Segment Liabilities

	Australia		Europe		North America		Consolidated	
	Dec-19	Jun-19	Dec-19	Jun-19	Dec-19	Jun-19	Dec-19	Jun-19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment Liabilities</b>	<b>4,604</b>	3,756	<b>494</b>	194	<b>654</b>	1,137	<b>5,752</b>	5,087
Segment liability increases for the period:								
-	-	-	-	-	-	-	-	-
	<b>4,604</b>	3,756	<b>494</b>	194	<b>654</b>	1,137	<b>5,752</b>	5,087
<i>Reconciliation of segment liabilities to group liabilities</i>								
Unallocated liabilities:								
- Provisions	<b>1,391</b>	1,242	-	-	<b>132</b>	119	<b>1,522</b>	1,361
- Other Liabilities	-	-	-	-	-	-	-	-
<b>Total Group Liabilities</b>							<b>7,274</b>	6,448

## Notes to the Financial Statements

Half-Year Ended 31 December 2019

### 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. The expense recognised for the 6 months to 31 December 2019 was \$4,710.

### 8. EVENTS AFTER THE REPORTING PERIOD

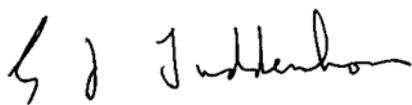
No events have occurred after the reporting period that would require disclosure in these financial statements,

## 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 9 to 19, 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 2019 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', written over a light blue horizontal line.

Gerry Tuddenham  
Managing Director  
Melbourne, 27 February 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF CPT GLOBAL LIMITED**

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

*Conclusion*

We have reviewed the half-year financial report of CPT Global Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss 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 2019 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 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 statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of CPT Limited's financial position as at 31 December 2019 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 CPT Global Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of 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 Eltchebi*

Rami Eltchebi  
Partner

Melbourne, 27 February 2020

For personal use only



## 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)

### 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)

### 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**

### ASX Code

**CGO**