

VPCL Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	VPCL Limited
ABN:	65 149 197 651
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the year ended 30 June 2019.

			\$'000
Other Income from ordinary activities	up	238% to	772
Loss from continuing operations attributable to the owners of VPCL Limited	down	44% to	(178)
Profit from discontinued operations attributable to the owners of VPCL Limited	up	N/A to	2,996
Profit for the year attributable to the owners of VPCL Limited	up	N/A to	2,818

Dividends

No dividends were paid or declared during the year.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$2,817,573 (30 June 2018: \$8,096,556 Loss).

During the year, shareholders approved the sale of the Software-as-a-Service Learning Management Platform division to Damstra. The terms of this sale included receipt of an upfront payment of \$1M in October 2018, with quarterly payments of \$233,333 commencing in January 2019 until the quarter ending 30 September 2021. In July 2019, an early settlement of the remaining amount outstanding under the sale contract was negotiated, with a lump sum payment of \$2.05M due to be paid by Damstra to VPCL on or before 31 October 2019. Successful negotiation of this early settlement was announced to the market on 31 July 2019.

The Company received \$1.2M from the sale of its investment in Nowforce, with a further US\$158,152 (approximately AUD\$225,000 subject to exchange rates) held in an escrow account for 18 months from completion of sale. Further deferred payments may be received by the Company subject to the achievement of certain metrics by Nowforce of the coming 12 months, up to US\$660,000 (approximately AUD\$940,000 subject to exchange rates) on or around March 2021.

The company made a strategic investment of \$500,000 during the year to acquire a minority interest in alternative lender and new Australian financial technology company, Lumi. In May 2019, Lumi completed a capital raising round at a substantial premium to the price at which VPCL made this investment.

The company has reduced all operating costs with a view to preserving cash. The Board has reviewed 15 potential investments since the divestment of the LMS business and continues to actively seek other opportunities. The Board will advise the market on further development as they occur.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.49</u>	<u>0.24</u>

4. Control gained over entities

The consolidated entity did not gain control over any entity during the reporting period.

5. Loss of control over entities

The consolidated entity did not lose control over any entity during the reporting period.

6. Details of associates and joint venture entities

The consolidated entity did not have any associates or joint venture entities during the reporting period.

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7. Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Consolidated	
	2019	2018
	\$'000	\$'000
Continuing Operations		
Other income	772	228
Foreign Exchange Gain	72	-
Expenses		
Production cost	-	(1)
Compliance cost	(47)	(87)
Directors' fees	(173)	(163)
Depreciation	-	(1)
Employee benefits expense	(181)	(6)
Doubtful Debts Expense	-	(59)
Marketing Expense	-	(29)
Professional & consulting fees	(162)	(65)
Rent & utilities	(213)	-
Share-based payments	112	(20)
Travel expenses	(12)	(11)
Other expenses	(346)	(195)
Profit / (Loss) before income tax expense from continuing operations	(178)	(409)
Income tax benefit	-	-
Profit / (Loss) after income tax expense from continuing operations	(178)	(409)
Discontinued Operations		
Revenue from discontinued operations	325	2,001
Operating costs	(684)	(4,749)
Gain / (Loss) on Disposal	3,355	-
Impairment of Goodwill	-	(4,940)
Profit / (Loss) before income tax expense from discontinued operations	2,996	(7,688)
Income tax benefit	-	-
Profit / (Loss) after income tax expense from discontinued operations	2,996	(7,688)
Profit / (Loss) after income tax expense for the year	2,818	(8,097)
Other comprehensive income	-	-
Total comprehensive profit / (loss) for the year	2,818	(8,097)
Loss for the year is attributable to:		
Members of VPCL Limited		
Basic & diluted profit / (loss) per share (cents per share)	0.26	(0.91)

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

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8. Statement of financial position
As at 30 June 2019

	Consolidated	
	2019 \$'000	2018 \$'000
Assets		
Current assets		
Cash and cash equivalents	2,205	1,948
Trade and other receivables	2,468	392
Other current assets	14	85
Total Current Assets	4,687	2,425
Non-current assets		
Investments	900	1,282
Plant and equipment	-	53
Intangible assets	-	24
Total non-current assets	900	1,359
Total assets	5,587	3,784
Liabilities		
Current liabilities		
Trade and other payables	93	931
Provisions	-	65
Total Current Liabilities	93	996
Total liabilities	93	996
Net assets	5,494	2,788
Equity		
Issued capital	33,217	33,217
Reserves	2,320	2,432
Accumulated losses	(30,043)	(32,861)
Total equity	5,494	2,788

The above statement of financial position should be read in conjunction with the accompanying notes

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9. Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital \$'000	Share Based Payment Reserve \$'000	Deferred Compensation Reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	29,068	2,412	1,250	(24,764)	7,966
Profit after income tax expense for the year	-	-	-	(8,097)	(8,097)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(8,097)	(8,097)
Transactions with owners in their capacity as owners:					
Shares Issued	3,219	-	-	-	3,219
Shares Issued Transfer or reserve upon vesting of historical performance	1,250	-	(1,250)	-	-
Options Issued	-	20	-	-	20
Share Issue Costs	(321)	-	-	-	(321)
Balance at 30 June 2018	33,217	2,432	-	(32,861)	2,788

Consolidated	Issued capital \$'000	Share Based Payment Reserve \$'000	Deferred Compensation Reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2018	33,217	2,432	-	(32,861)	2,788
Profit after income tax expense for the year	-	-	-	2,818	2,818
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,818	2,818
<i>Transactions with owners in their capacity as owners:</i>					
Options Forfeited	-	(112)	-	-	(112)
Balance at 30 June 2019	33,217	2,320	-	(30,043)	5,494

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

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10. Statement of cash flows
For the year ended 30 June 2019

	Consolidated	
	2019 \$'000	2018 \$'000
Cash flows from operating activities		
Receipts from customers	435	2,286
Payments to suppliers and employees	(2,370)	(5,442)
Income Tax – R&D rebate	162	224
Interest received	4	13
Cash receipts from other operating activities	79	-
Cash payments from other operating activities	(29)	-
Net cash from operating activities	(1,719)	(2,919)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	1
Proceeds from sale of investments	2,718	-
Payment for other financial assets	(670)	(1,282)
Net cash used in investing activities	2,048	(1,281)
Cash flows from financing activities		
Proceeds from issue of shares & options	-	3,219
Share issue transaction costs	-	(321)
Other financing activities	(72)	-
Net cash used in financing activities	(72)	2,898
Net increase/(decrease) in cash and cash equivalents	257	(1,302)
Cash and cash equivalents at the beginning of the financial year	1,948	3,250
Cash and cash equivalents at the end of the financial year	2,205	1,948

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

11. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

12. Signed

Signed  _____

Date: 30th August 2019

Christopher Mews
Director
Melbourne

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