



**CCP TECHNOLOGIES LIMITED**

**ABN: 58 009 213 754**

**Appendix 4E**

**Preliminary financial report**

**For the year ended 30 June 2019**

# CCP Technologies Limited

## Appendix 4E

### Year ended 30 June 2019

Name of entity: CCP Technologies Limited  
ABN: 58 009 213 754  
Year ended: 30 June 2019  
Previous period: 30 June 2018

#### Results for announcement to the market (unaudited)

				\$
Revenue from ordinary activities	Up	114.5%	to	641,619
Loss from ordinary activities after tax attributable to members	Down	25.7%	to	(2,104,942)
Net loss for the period attributable to members	Down	25.7%	to	(2,104,942)

#### Distributions

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

#### Explanation of results

The Directors are pleased to provide the following summary of key events in the twelve months of operations to 30 June 2019:

##### *Business reset*

The current board commenced a business reset in February 2019, which in the first phase meant lowering expenditures and increasing revenues. The challenging starting position included a weak balance sheet, staff and operational changes and a number of other legacy issues that needed to be resolved. The current board and management have forged ahead to rebuild the fortunes of the listed company.

The company has an effective and complementary double prong commercial approach. The development services team offers software, hardware and firmware builds, or any part thereof, from design to prototype and production. With an Australian customer interface with the deep expertise and cost structure of the Bangalore based team, the Group boasts a relatively unique market offering and business model from which to leverage.

The Group has also started to expand the product suite, that with minor technical adaption can be applied to different very different commercial applications across agriculture, automotive and utilities. The expanding knowledge and experience base in the development team through their ongoing services work complements the product roadmap.

The team has recently secured new wins in aged care, tertiary institutions and hospitals, none of which are related to food storage. Business-as-usual sales continues to increase with a number recent wins in Australia and the USA as the Group continues to work towards the near term goal of achieving the first enterprise rollout.

The overriding objective since February 2019 has been to create a sustainable business. The current board recognises that the historical successive capital raisings have been both necessary for the survival of the business, but diminished shareholder value. The board is determined to build a sustainable backdrop to the big future that it sees for the group in the rapidly emerging IoT space.

For personal use only

Capital raising and expenditures

During the financial year from 1 July 2018 to 30 June 2019 the company raised a total of \$852,795 (before costs) across three capital raisings. Further information is contained in note 6(a)(i). The Directors sincerely thank the investors that supported the raises.

Importantly of note, is that the net cash used in operations fell by 54% from first half to second half with \$905k spent to 31 December 2018, down to \$418k in the six months to 30 June 2019. In the June quarter the figure fell markedly to just \$135k as the cost savings and revenue increases started to take effect.

Board structure

Board changes during in the year included the resignations of the two executive directors Michael White and Anthony Rowley announced 8 February 2019. Non-executive director and joint company secretary Adam Gallagher was appointed Chief Executive Officer and thus became an executive director as well as continuing in the company secretary role with increased duties to save costs. Each of the current board members have contributed their time and efforts without cash payment since August 2018, such is their dedication and belief in the future of the Company.

Corporate transactions

The board assessed several acquisition prospects during the financial year, none of which passed due diligence. The board considered acquisition prospects based on a broad risk/return matrix to form a view on the prospective transaction being materially EPS accretive. While the board is open to all compelling opportunities, the primary focus is on building out the sustainable commercial foundation that will also put the business in a stronger position for any future M&A discussions.

USA

The direct sales strategy in the US has historically been a significant expense for the Group that has simply not delivered. During the second half year the direct sales approach in the US was abandoned in favour of a reseller model that has already achieved the first meaningful sale of the temperature monitoring solution in the US to a new Wynn Resort Casino, Encore Boston.

India

During the second half the Bangalore based development team was identified as an under-utilised revenue centre. The group has begun to increase revenue from third party development services projects to complement the subscription revenues.

Australia

A review of the relationships with previously signed distribution partners has been undertaken by management in the second half to seek to understand why the anticipated revenues from these relationships had not materialised. Key findings included simple communication breakdowns as well as commercial pricing model challenges that were identified as impediments to reseller adoption. Through positive engagement with the key partners, the impediments have been subsequently addressed and the relationships reinvigorated to the point that there is growing confidence in generating meaningful future revenues from these indirect channels.

**Net tangible assets per security**

	<b>2019</b>	2018
	<b>Cents</b>	Cents
Net tangible asset backing (per security)	<b>(0.10)</b>	0.10

**Changes in controlled entities**

There have been no changes in controlled entities during the year ended 30 June 2019.

**Other information required by Listing Rule 4.3A**

- |                                                                                                      |     |
|------------------------------------------------------------------------------------------------------|-----|
| a. Details of individual and total dividends or distributions and dividend or distribution payments: | N/A |
| b. Details of any dividend or distribution reinvestment plans:                                       | N/A |
| c. Details of associates and joint venture entities:                                                 | N/A |
| d. Other information                                                                                 | N/A |

**Audit**

The preliminary financial statements are currently in the process of being audited by the group's independent auditor. Consequently, no audit opinion is expressed.

For personal use only

# CCP Technologies Limited

ABN 58 009 213 754

## Preliminary financial report - 30 June 2019

Corporate directory	1
Preliminary financial statements	
Consolidated statement of profit or loss and other comprehensive income	2
Consolidated balance sheet	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	5
Notes to the preliminary financial statements	6

These preliminary financial statements are the consolidated preliminary financial statements of the consolidated entity consisting of CCP Technologies Limited and its subsidiaries. A list of the major subsidiaries is included in note 9. The preliminary financial statements are presented in the Australian currency.

CCP Technologies Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:  
Level 7, 420 Collins Street  
Melbourne VIC 3000

The preliminary financial statements were authorised for issue by the directors on 30 August 2019. The directors have the power to amend and reissue the preliminary financial statements.

For personal use only

<b>Directors</b>	Mr Adam Gallagher <i>Executive Director and Chief Executive Officer</i>  Mr Leath Nicholson <i>Independent Non-Executive Chairman</i>  Mr Anoosh Manzoori <i>Independent Non-Executive Director</i>
<b>Company secretary</b>	Mr Adam Gallagher  Mr Phillip Hains
<b>Principal registered office and place of business</b>	Level 7, 420 Collins Street Melbourne VIC 3000 Australia +61 3 8592 4883
<b>Share register</b>	Advanced Share Registry 110 Stirling Highway Nedlands WA 6909 +61 8 9389 8033
<b>Auditor</b>	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000 +61 7 3237 5999
<b>Solicitors</b>	Nicholson Ryan Lawyers Pty Ltd Level 7, 420 Collins Street Melbourne VIC 3000 +61 3 9640 0400
<b>Bankers</b>	Westpac Banking Corporation 150 Collins Street Melbourne VIC 3000
<b>Stock exchange listings</b>	ASX: CT1
<b>Website</b>	<a href="http://www.ccp-technologies.com">www.ccp-technologies.com</a>

For personal use only

**CCP Technologies Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

	Notes	2019 \$	2018 \$
Revenue from contracts with customers		641,619	299,066
Cost of sales of goods		<u>(44,502)</u>	<u>(101,037)</u>
<b>Gross profit</b>		<b>597,117</b>	<b>198,029</b>
Other gains/(losses) – net		(2,171)	3,147
Distribution costs		(26,424)	(15,367)
General and administrative expenses	3(a)	(2,454,422)	(2,693,557)
Research and development expenses		(157,077)	(152,698)
Selling and marketing expenses		<u>(62,586)</u>	<u>(177,570)</u>
<b>Operating loss</b>		<b>(2,105,563)</b>	<b>(2,838,016)</b>
Finance income		621	4,989
Finance expenses		-	(810)
<b>Finance costs - net</b>		<u>621</u>	<u>4,179</u>
<b>Loss before income tax</b>		<b>(2,104,942)</b>	<b>(2,833,837)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<u>(2,104,942)</u>	<u>(2,833,837)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	6(b)	47,036	(1,373)
<b>Total comprehensive loss for the period</b>		<u>(2,057,906)</u>	<u>(2,835,210)</u>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss attributable to the ordinary equity holders of the company:</b>			
Basic and diluted loss per share	11	(0.50)	(0.89)

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

For personal use only

**CCP Technologies Limited**  
**Consolidated balance sheet**  
**As at 30 June 2019**

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		40,854	453,776
Trade and other receivables	4(a)	104,673	91,127
Contract assets		43,146	-
Other current assets		24,144	44,301
<b>Total current assets</b>		<b>212,817</b>	589,204
<b>Non-current assets</b>			
Property, plant and equipment		25,471	43,367
<b>Total non-current assets</b>		<b>25,471</b>	43,367
<b>Total assets</b>		<b>238,288</b>	632,571
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	4(b)	615,377	169,678
Employee benefit obligations	5(a)	36,312	74,744
		<b>651,689</b>	244,422
Liabilities directly associated with discontinued operations		21,658	21,658
<b>Total current liabilities</b>		<b>673,347</b>	266,080
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>673,347</b>	266,080
<b>Net (deficiency of) assets</b>		<b>(435,059)</b>	366,491
<b>EQUITY</b>			
Share capital	6(a)	9,644,401	8,400,628
Other reserves	6(b)	197,570	137,951
Accumulated losses		(10,277,030)	(8,172,088)
<b>Total equity</b>		<b>(435,059)</b>	366,491

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*



**CCP Technologies Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2019**

	Notes	Attributable to owners of CCP Technologies Limited			Total equity \$
		Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2017</b>		6,909,610	51,143	(5,338,251)	1,622,502
Loss for the period		-	-	(2,833,837)	(2,833,837)
Other comprehensive income		-	(1,373)	-	(1,373)
<b>Total comprehensive loss for the period</b>		-	<b>(1,373)</b>	<b>(2,833,837)</b>	<b>(2,835,210)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	6(a)	1,491,018	-	-	1,491,018
Share-based payments	6(b)	-	88,181	-	88,181
		1,491,018	88,181	-	1,579,199
<b>Balance at 30 June 2018</b>		<b>8,400,628</b>	<b>137,951</b>	<b>(8,172,088)</b>	<b>366,491</b>
	Notes	Attributable to owners of CCP Technologies Limited			Total equity \$
		Share capital \$	Other reserves \$	Accumulated losses \$	
<b>Balance at 1 July 2018</b>		8,400,628	137,951	(8,172,088)	366,491
Loss for the period		-	-	(2,104,942)	(2,104,942)
Other comprehensive income		-	47,036	-	47,036
<b>Total comprehensive loss for the period</b>		-	<b>47,036</b>	<b>(2,104,942)</b>	<b>(2,057,906)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Contributions of equity, net of transaction costs and tax	6(a)	1,243,773	-	-	1,243,773
Share-based payments	6(b)	-	12,583	-	12,583
		1,243,773	12,583	-	1,256,356
<b>Balance at 30 June 2019</b>		<b>9,644,401</b>	<b>197,570</b>	<b>(10,277,030)</b>	<b>(435,059)</b>

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

For personal use only

**CCP Technologies Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2019**

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (GST inclusive)		629,247	287,619
Payments to suppliers and employees (GST inclusive)		(1,952,361)	(2,962,595)
Other income receipts		-	13,289
<b>Net cash (outflow) from operating activities</b>	7	<u>(1,323,114)</u>	<u>(2,661,687)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,755)	(29,618)
Payments for deposits		-	(7,561)
Interest received		621	4,989
<b>Net cash (outflow) from investing activities</b>		<u>(5,134)</u>	<u>(32,190)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares	6(a)	852,795	1,465,500
Share issue transaction costs	6(a)	(33,675)	(44,482)
Proceeds from borrowings		50,000	-
Interest paid		-	(810)
<b>Net cash inflow from financing activities</b>		<u>869,120</u>	<u>1,420,208</u>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(459,128)</b>	<b>(1,273,669)</b>
Cash and cash equivalents at the beginning of the financial year		453,776	1,727,137
Effects of exchange rate changes on cash and cash equivalents		46,206	308
<b>Cash and cash equivalents at end of period</b>		<u>40,854</u>	<u>453,776</u>

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

**Contents of the notes to the preliminary financial statements**

	Page
1 Segment information	7
2 Revenue from contract with customers	7
3 Expense items	8
4 Financial assets and financial liabilities	9
5 Non-financial assets and liabilities	10
6 Equity	10
7 Cash flow information	13
8 Capital management	14
9 Interests in other entities	14
10 Share-based payments	14
11 Loss per share	16
12 Summary of significant accounting policies	18

For personal use only

## 1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of CCP Technologies Limited. The group has identified one reportable segment; that is, the sale and commercialisation of the CCP Solution. The segment details are therefore fully reflected in the body of the preliminary financial statements.

## 2 Revenue from contract with customers

### (a) Accounting policies

#### (i) Sale of monitor tags

Revenue from the sale of the food temperature monitoring tags are recognised at a point in time when the customer has access and thus control of the gadget and where the tag is considered distinct from other services provided to the customer. Contracts do not provide for discounts or rebates which give rise to variable consideration. Neither do they contain provision for warranties.

#### (ii) Monitoring subscriptions

Revenue from the sale of monitoring subscriptions is recognised on a straight-line basis over the subscription term.

#### (iii) Consulting

Revenue from the provision of consulting and ad hoc maintenance services is recognised typically over time when the group has an enforceable right to payment for its performance completed to date. Customer contracts will include a statement of work, which will describe the work to be completed and the time frame for its completion. These services are invoiced at the point in time of completion of milestones within the statement of work. Therefore revenue is recognised when the milestone (being the performance obligation) is completed.

#### (iv) Customer contract with multiple performance obligations

The group frequently enters into multiple contracts with the same customer and where that occurs the company treats those arrangements as one contract if the contracts are entered into at or near the same time and are commercially interrelated. The group does not consider contracts closed more than three months apart as a single contract.

The group's subscription contracts are combining an obligation to receive a monitor tag and customer support and monitoring services. The provision of monitor tags is treated as a separate performance obligation to the services provided. As a result, the total transaction price for a customer contract is allocated amongst the distinct performance obligations based on their relative stand-alone selling prices. Where the stand-alone prices are highly variable, the group applies a residual approach.

#### (v) Incremental costs of obtaining customer contracts

Commissions on obtaining any customer contracts are capitalised and amortised over the term, where the term is greater than 12 months.

#### (vi) Financing components

The group does not recognise adjustments to transition prices or contract balances where the period between the transfer of promised goods or services to the customer and payment by customer does not exceed 12 months.

### 3 Expense items

#### (a) Breakdown of expenses by nature

	Notes	2019 \$	2018 \$
<b>General and administrative expenses</b>			
Accounting and audit		220,874	175,828
Computer costs		90,965	79,376
Consulting		163,414	413,425
Depreciation		23,651	10,413
Employee benefits		924,916	1,201,508
Expected credit losses		21,365	41,865
Insurance		35,532	33,505
Investor relations		13,188	29,086
Legal		99,421	39,258
Listing and share registry		64,259	57,922
Occupancy		108,680	81,015
Patent costs		23,924	7,190
Share-based payments	10(c)	437,236	158,181
Superannuation		47,829	73,234
Travel and entertainment		83,894	184,665
Other		95,274	107,086
		<b>2,454,422</b>	<b>2,693,557</b>

#### 4 Financial assets and financial liabilities

##### (a) Trade and other receivables

	Current \$	2019 Non- current \$	Total \$	Current \$	2018 Non- current \$	Total \$
Trade receivables	87,194	-	87,194	104,977	-	104,977
Provision for impairment	-	-	-	(41,865)	-	(41,865)
	<b>87,194</b>	<b>-</b>	<b>87,194</b>	<b>63,112</b>	<b>-</b>	<b>63,112</b>
Other receivables (ii)	17,479	-	17,479	28,015	-	28,015
<b>Total trade and other receivables</b>	<b>104,673</b>	<b>-</b>	<b>104,673</b>	<b>91,127</b>	<b>-</b>	<b>91,127</b>

##### (i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note .

##### (ii) Other receivables

Other receivables principally comprises GST refundable.

##### (b) Trade and other payables

	Current \$	2019 Non- current \$	Total \$	Current \$	2018 Non- current \$	Total \$
Trade payables	491,049	-	491,049	60,817	-	60,817
Accrued expenses	48,960	-	48,960	64,221	-	64,221
Other payables	75,368	-	75,368	44,640	-	44,640
	<b>615,377</b>	<b>-</b>	<b>615,377</b>	<b>169,678</b>	<b>-</b>	<b>169,678</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 5 Non-financial assets and liabilities

### (a) Employee benefit obligations

	2019 Current \$	2019 Non- current \$	Total \$	2018 Current \$	2018 Non- current \$	Total \$
Leave obligations (i)	36,312	-	36,312	74,744	-	74,744

#### (i) Leave obligations

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note 12(n).

The current portion of this liability includes all of the accrued annual leave. The entire amount of the provision of \$36,312 (2018: \$74,744) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

## 6 Equity

### (a) Share capital

	2019 No.	2019 \$	2018 No.	2018 \$
Ordinary shares - fully paid	446,167,028	9,644,401	349,678,422	8,400,628
<i>(i) Movements in ordinary shares</i>				
<b>Details</b>			<b>Number of shares</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>			<b>284,014,118</b>	<b>6,909,610</b>
Issue of securities in settlement of liability			1,947,000	70,000
Issue of securities – refer milestone shares below			21,739,126	500,000
Issue of securities – placement			41,978,178	965,500
Less: Transaction costs arising on share issues			-	(44,482)
<b>Balance at 30 June 2018</b>			<b>349,678,422</b>	<b>8,400,628</b>

## 6 Equity (continued)

### (a) Share capital (continued)

#### (i) Movements in ordinary shares (continued)

Issue of securities at \$0.017 each – ESOP	6,294,119	107,000
Issue of securities at \$0.023 each – ESOP	508,693	11,700
Issue of securities at \$0.027 each – ESOP	9,593,783	259,032
Issue of securities at \$0.015 each to consultants for services received	1,527,777	22,917
Issue of securities at \$0.025 each to consultants for services received	960,183	24,004
Issue of securities at \$0.020 each – private placement <sup>1</sup>	43,062,350	395,295
Issue of securities at \$0.015 each – private placement	14,124,192	211,863
Issue of securities at \$0.015 each – private placement shortfall	209,141	3,137
Issue of securities at \$0.012 each – share purchase plan	20,208,368	242,500
Less: Transaction costs arising on share issues	-	(33,675)

#### Balance at 30 June 2019

	<b>446,167,028</b>	<b>9,644,401</b>
--	--------------------	------------------

#### Notes

<sup>1</sup> On 8 August 2018, the group announced that it completed a strategic placement to raise \$861,247 before costs (i.e. 43,062,350 shares), of which \$561,247 related to the amount to be received in an Australian dollar equivalent of Penta tokens (cryptocurrency). As per the announcement made 17 July 2018, the Penta tokens would be released in equal amounts with a 'top up' provision at the end of 12 months on 8 August 2019 if the price of the Penta tokens relative to the dollar amount of the shares issued required it. As at 30 June 2019, the value raised from 23,297,600 shares (i.e. \$465,952) is not recognised by the group with the group announcing to the ASX on 15 August 2019 that the arrangement had been cancelled by mutual agreement. Consequently, these shares which are subject to escrow on the same terms as Appendix 9A of the ASX Listing Rules will be cancelled subject to shareholder approval at the next general meeting of the company. As a result, the group will not receive any further tokens under the agreement.

#### (ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

#### (iii) Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in notes 6(b) and 10.



## 6 Equity (continued)

### (b) Other reserves

The following table shows a breakdown of the consolidated balance sheet line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

Notes	Share-based payments \$	Foreign currency translation \$	Total \$
<b>Balance at 1 July 2017</b>	61,561	(10,418)	51,143
Currency translation differences	-	(1,373)	(1,373)
<b>Other comprehensive income for the period</b>	-	(1,373)	(1,373)
Transactions with owners in their capacity as owners			
Share-based payment expenses	88,181	-	88,181
<b>At 30 June 2018</b>	<b>149,742</b>	<b>(11,791)</b>	<b>137,951</b>
Notes	Share-based payments \$	Foreign currency translation \$	Total \$
<b>Balance at 30 June 2018</b>	149,742	(11,791)	137,951
Currency translation differences	-	47,036	47,036
<b>Other comprehensive income for the period</b>	-	47,036	47,036
Transactions with owners in their capacity as owners			
Share-based payment expenses	12,583	-	12,583
<b>At 30 June 2019</b>	<b>162,325</b>	<b>35,245</b>	<b>197,570</b>

#### (i) Nature and purpose of other reserves

##### Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

##### Foreign currency translation

Exchange differences arising on translation of the foreign controlled subsidiaries are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## 6 Equity (continued)

### (b) Other reserves (continued)

#### (ii) Movement in options

Details	Notes	Number of options	\$
<b>Balance at 1 July 2017</b>		<b>5,533,000</b>	<b>61,561</b>
Issue of ESOP unlisted options at \$0.10 each (CT104)		1,446,550	4,565
Issue of ESOP unlisted options at \$0.10 each (CT105)		10,000,000	11,393
Amortisation of share-based payments for options issued in prior periods		-	72,223
<b>Balance at 30 June 2018</b>		<b>16,979,550</b>	<b>149,742</b>
Issue of unlisted options at \$0.030 each pursuant to placement	6(b)(iii)	43,062,350	-
Forfeiture of ESOP unlisted options \$0.10 each (CT105)		(10,000,000)	(11,393)
Amortisation of share-based payments for options issued in prior periods		-	23,976
<b>Balance at 30 June 2019</b>		<b>50,041,900</b>	<b>162,325</b>

#### (iii) Unlisted options at \$0.030, expiring 10 December 2020

On 11 December 2018, CCP Technologies Limited issued 43,062,350 options free-attaching to the 43,062,350 private placement shares issued on 8 August 2018. As these options are outside the scope of AASB 2 *Share-based Payment*, no share-based payment expense was recognised for the issue of these unlisted options.

## 7 Cash flow information

### Reconciliation of loss after income tax to net cash inflow from operating activities

	2019 \$	2018 \$
<b>Loss for the period</b>	<b>(2,104,942)</b>	<b>(2,833,837)</b>
Adjustments for		
Depreciation	23,651	10,413
Doubtful debts	-	41,865
Finance costs	-	810
Finance income	(621)	(4,989)
Share-based payments	437,236	158,181
Unrealised net foreign currency (gains)/losses	830	(1,681)
Change in operating assets and liabilities:		
Movement in trade and other receivables	(13,546)	(46,614)
Movement in other current assets	(22,988)	5,391
Movement in trade and other payables	395,698	(34,439)
Movement in liabilities associated with assets for sale	-	(12,950)
Movement in provisions	(38,432)	56,163
<b>Net cash inflow (outflow) from operating activities</b>	<b>(1,323,114)</b>	<b>(2,661,687)</b>

## 8 Capital management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

## 9 Interests in other entities

### (a) Material subsidiaries

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	
		2019 %	2018 %
CCP Network Australia Pty Ltd	Australia	100	100
CCP IP Pty Ltd	Australia	100	100
CCP Asia Pacific Pty Ltd	Australia	100	100
CCP Network North America Inc.	Unites States	100	100
CCP IoT Technologies Pvt Ltd	India	100	100
Agen Limited	Australia	100	100
Agen Biomedical Limited	Australia	100	100

It is proposed that following destruction of all biotechnology related materials held on behalf of the Agen companies, both Agen companies will be wound up by way of members' voluntary liquidation in the 2019 financial year.

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to all of the above controlled entities of CCP Technologies Limited, that were incorporated in Australia ('closed group') other than Agen Biomedical Limited and Agen Limited from the *Corporations Act 2001* requirement for the preparation, audit and lodgement of their financial reports.

## 10 Share-based payments

### (a) Employee share option plan

The establishment of the 'employee share option plan' (ESOP) was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) to deliver long-term shareholder returns. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

## 10 Share-based payments (continued)

### (a) Employee share option plan (continued)

Set out below are summaries of all options, including those issued under ESOP:

	2019		2018	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at 1 July	\$0.09	16,979,550	\$0.07	5,533,000
Granted during the year	\$0.03	43,062,350	\$0.10	11,446,550
Forfeited during the year	\$0.10	<u>(10,000,000)</u>	-	-
As at 30 June	\$0.04	<u>50,041,900</u>	\$0.09	<u>16,979,550</u>
Vested and exercisable at 31 December	-	48,595,350	-	1,533,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (\$)	Share options 30 June 2019	Share options 30 June 2018
18-Nov-2016 (CT101)	15-Dec-2020	\$0.10	2,000,000	2,000,000
08-Nov-2016 (CT102)	15-Dec-2020	\$0.10	2,000,000	2,000,000
15-Dec-2016 (CT103)	15-Dec-2019	Nil	1,533,000	1,333,000
10-Nov-2017 (CT104)	25-Oct-2021	\$0.10	1,446,550	1,446,550
10-Nov-2017 (CT105)	31-Dec-2020	\$0.10	-	10,000,000
11-Dec-2018 (free-attaching options)	10-Dec-2020	\$0.03	43,062,350	-
Total			<u>50,041,900</u>	<u>16,779,550</u>

Weighted average remaining contractual life of options outstanding at end of period

1.03                      2.47

### (b) Employee share scheme

A scheme under which shares were issued by the company to employees and directors for no cash consideration was approved by shareholders at the 2018 annual general meeting.

The number and deemed issue price of these shares to participants was determined as follows:

- Mr Michael White and Mr Anthony Rowley, director until 4 February 2019: 3,357,824 issued to each director with a deemed issue price of \$0.027 per share, being the 7-day VWAP up to the close of trading on 31 December 2017 and at 50% premium to the closing price on 11 October 2018. The share-based payment amount recognised is \$90,661 for each director.
- Mr Leath Nicholson, director: 2,176,471 issued with a deemed issue price of \$0.017 per share, being the 15-day VWAP up to the close of trading on 11 October 2018. The share-based payment amount recognised is \$37,000.
- Mr Adam Gallagher and Mr Anoosh Manzoori, directors: 2,058,824 issued to each director with a deemed issue price of \$0.017 per share, being the 15-day VWAP up to the close of trading on 11 October 2018. The share-based payment amount recognised is \$35,000 for each director.
- Mr Kartheek Munigoti, member of key management personnel: 2,878,135 issued with a deemed issue price of \$0.027 per share, being the 7-day VWAP up to the close of trading on 31 December 2017 and at 50% premium to the closing price on 11 October 2018. The share-based payment amount recognised is \$77,710.

## 10 Share-based payments (continued)

### (b) Employee share scheme (continued)

- Ms Karen Davy, employee and spouse of Mr Michael White, director until 4 February 2019: 43,478 issued with a deemed issue price of \$0.023 per share, being the closing price on 18 December 2017, on which the issue was offered and accepted. The share-based payment amount recognised is \$1,000.
- Employees of CCP IoT Technologies Pvt Ltd: 465,215 issued with a deemed issue price of \$0.023 per share, being the closing price on 18 December 2017, on which the issues were offered and accepted. The share-based payment amount recognised is \$10,700.

	2019 Number	2018 Number
Number of shares issued under the plan to participating employees on 26 November 2018	<b>16,396,595</b>	-

### (c) Expenses arising from share-based payment transactions

	2019 \$	2018 \$
Expenses arising from shares issued to key management personnel	<b>366,033</b>	-
Expenses arising from options issued to key management personnel	<b>12,583</b>	84,236
Expenses arising from shares issued to other employees	<b>11,700</b>	3,945
Expenses arising from shares issued to consultants	<b>46,920</b>	70,000
	<b>437,236</b>	158,181

## 11 Loss per share

### (a) Reconciliation of loss used in calculating loss per share

	2019 \$	2018 \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	<b>2,104,942</b>	2,833,837

### (b) Weighted average number of shares used as the denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>418,652,763</b>	319,284,809

On the basis of the group's losses, the outstanding options as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

**Contents of the summary of significant accounting policies**

	Page
(a) Basis of preparation	18
(b) Principles of consolidation	18
(c) Segment reporting	19
(d) Foreign currency translation	19
(e) Revenue recognition	19
(f) Income tax	20
(g) Leases	20
(h) Impairment of assets	20
(i) Cash and cash equivalents	20
(j) Trade receivables	21
(k) Property, plant and equipment	21
(l) Trade and other payables	21
(m) Borrowings	21
(n) Employee benefits	22
(o) Contributed equity	22
(p) Loss per share	22
(q) Rounding of amounts	23
(r) Goods and services tax (GST)	23

For personal use only

## 12 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated preliminary financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The preliminary financial statements are for the group consisting of CCP Technologies Limited and its subsidiaries.

### (a) Basis of preparation

The financial information included in this document for the year ended 30 June 2019 is unaudited. The financial information does not constitute CCP Technologies Limited's full financial statements for the year ended 30 June 2019, which will be approved by the board, reported on by the auditors, and lodged with the Australian Securities Exchange (ASX). The full financial statements will be prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The group's preliminary financial report does not include all the notes of the type normally included in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements of Australian Accounting Standards and Interpretations and the *Corporations Act 2001*.

#### (i) Historical cost convention

The preliminary financial statements have been prepared on a historical cost basis.

#### (ii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

#### (iii) Changes to presentation – classification of expenses

CCP Technologies Limited decided in the current financial year to change the classification of its expenses in the consolidated statement of profit or loss. We believe that this will provide more relevant information to our stakeholders as it is more in line with common practice in the industries CCP Technologies Limited is operating in. The comparative information has been reclassified accordingly.

### (b) Principles of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

## 12 Summary of significant accounting policies (continued)

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the preliminary financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated preliminary financial statements are presented in Australian dollar (\$), which is CCP Technologies Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

#### (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet
- income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

### (e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 2.



## **12 Summary of significant accounting policies (continued)**

### **(f) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated preliminary financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **(g) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### **(h) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **(i) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

## **12 Summary of significant accounting policies (continued)**

### **(j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 4(a) for further information about the group's accounting for trade receivables and note for a description of the group's impairment policies.

### **(k) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 12(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### **(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(m) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

## 12 Summary of significant accounting policies (continued)

### (m) Borrowings (continued)

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

### (n) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee share option plan' (ESOP). Information relating to these schemes is set out in note 10.

#### Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (p) Loss per share

#### (i) Basic loss per share

Basic loss per share is calculated by dividing:

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

#### (ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

## **12 Summary of significant accounting policies (continued)**

### **(p) Loss per share (continued)**

#### *(ii) Diluted loss per share (continued)*

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

### **(q) Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the preliminary financial statements. Amounts in the preliminary financial statements have been rounded off in accordance with the instrument to the nearest dollar.

### **(r) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.