

ASX ANNOUNCEMENT

CPT GLOBAL LIMITED (ASX: CGO)

19 February 2021

APPENDIX 4D & FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CPT Global Limited is pleased to provide the following information for the financial period ended 31 December 2020:

1. Appendix 4D Half Year Report; and
2. Financial Report for the Half Year Ended 31 December 2020.

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


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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.

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Appendix 4D: CPT Global Limited

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

				Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
				A \$000's	A \$000's
Revenues from ordinary activities	up	50.0%	to	\$18,090	\$12,058
Net Profit (Loss) before tax attributable to members	up	165.7%	to	\$2,981	(\$4,540)
Net Profit (Loss) after tax attributable to members	up	159.8%	to	\$2,267	(\$3,788)

DIVIDENDS PAID AND PROPOSED

	Amount per Security	Franked Amount per Security	Tax rate for franking	Record Date
FY 2020 Final dividend paid 16 November 2020	1.25 cents	1.25 cents	27.50%	11 September 2020
FY 2021 Interim dividend payable 29 March 2021	2.00 cents	2.00 cents	26%	5 March 2021

DIVIDEND DETAILS

	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	A \$000's	A \$000's
Ordinary share capital:		
Final dividend paid	\$478	\$189
Interim dividend payable	\$786	N/A

DETAILS OF DIVIDEND REINVESTMENT PLAN IN OPERATION

The Company's Dividend Reinvestment Plan (DRP) provides for a 2.5% discount on the Volume Weighted Average Price of ordinary shares for the 5 trading days immediately preceding the record date.

The last date for receipt of election notices for participation in the DRP for the FY2021 interim dividend is 15 March 2021

EARNINGS PER SHARE (EPS)

	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
Basic EPS	5.77 cents	(9.89) cents
Diluted EPS	5.77 cents	(9.81) cents

NTA BACKING

Net tangible asset backing per ordinary security	\$0.11	\$0.06
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February, 2021




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CPT Global Limited

ABN 16 083 090 895

Financial Report

For the half year ended 31 December 2020

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Directors' Report

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2020.

DIRECTORS

The names and details of the company's directors in office during the financial period 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

The \$2.27m profit after tax for the 6 month period to 31 December 2020 is CPT's best half-year result in 22 years as an ASX listed company. Only 2 of the last 21 full financial years have produced a better result. That we were able to deliver this result during a global pandemic and without any government support from JobSeeker (Australia) and the Paycheck Protection Program (USA) makes it all the more extraordinary.

The seeds of this remarkable 6 months were planted in FY2019 when we made a subtle shift in our focus back to our core business and strengths, helping clients solve their complex and technical challenges as they transform their IT environments. This proved critical during the pandemic as it was our core business that was in demand in our core industries. The first shoots of this strategy appeared in February 2020 and the momentum has continued to build into FY2021.

The table below shows the performance of the business over the last 3 reporting periods reconciled to net profit after tax.

	HY2021	FY2020	HY2020
	m's	m's	m's
Revenue	18.1	24.9	12.1
<i>Profit before tax & impairment</i>	3.0	0.9	(0.3)
Goodwill impairment	-	(4.2)	(4.2)
<i>Profit before tax</i>	3.0	(3.3)	(4.5)
Tax expense	0.7	(0)	0.8
<i>Profit after tax but before impairment</i>	2.3	0.9	0.5
<i>Net profit</i>	2.3	(3.3)	(3.8)

The key drivers of our performance in the first half of FY2021 were:

1. the growth in revenue in the USA. Revenue is up 27% on HY2020 as we expanded our footprint in our largest client, a global bank, and completed the first risk/reward stage of a contract at a national insurance company.
2. the growth in revenue in Australia. Revenue is up 71% up on HY2020. Projects at a University and Victorian statutory authority that started in FY2020 ran at full capacity throughout the first half and have been extended to April 2021 and June 2021 respectively. The contract at our largest Australian client was extended from 1 July 2020 to 31 December 2020 at the head count we had grown the business to in the second half of FY2020. This contract has subsequently been extended to 30 June 2021, albeit at a slightly reduced head count. Contracts that came up for renewal during the half year were consistently extended.
3. tight control over discretionary costs; and
4. net cost savings from moving to remote working, particularly costs associated with employees travelling interstate and internationally.

Directors' Report

Margins and profit were helped across the business with our consultants and sales teams unable to travel and the early success of a risk/reward engagement at a national insurance company in the USA. While travel restrictions are still in place, particularly in Australia and North America, we will benefit financially.

We managed our European, Canadian and Asian regions opportunistically in the first half of the financial period as we focussed our resources on the growth opportunities in Australia and the USA. Our consultants and sales teams in Europe and Canada continued to support the USA.

CPT could not have achieved this result without the professionalism, flexibility and resilience of our employees and contractors demonstrated in 2020. The momentum they generated from the second half of FY2020 while working from home and keeping a global business running efficiently and effectively was extraordinary.

The quality of our client base played a big part in our ability to grow during a pandemic. Our clients include some of the largest and most recognised brands in the financial services, insurance and government sectors. These are organisations that play critical roles in delivering important services and products within national and the global economies. They will continue to be critical in the post-pandemic economic recovery. The services we provide in these industries tend to be on business critical systems and projects. This expertise, our status as trusted advisors and our experience and expertise providing services remotely were strengths that allowed us to continue to provide seamless service and advice at a critical time for clients.

Our shareholders have been through a lean period with CPT as our performance did not allow us to pay regular dividends and the share price hit historic lows. We are committed to, and focussed on, ensuring CPT's performance and dividends are sustainable.

Financial Performance

CPT Global's revenue for the half year ended 31 December 2020 was \$18.1m, a 50% increase on the comparative period revenue of \$12.1m. CPT Global's net profit after tax for the half year ended 31 December 2020 was \$2.3m compared to the \$3.8m loss in the comparative period.

The results were due to the factors discussed above. Other movements in the Statement of Profit and Loss are explained as follows:

- other expenses were \$0.96m less than the comparative period. Most of this reduction in cost was due to lower travel costs and software licence costs. Travel costs are often billed to the client at cost with this reflected in revenue. Therefore, the impact on the profit of the business is limited to travel costs: 1. of the non-billable employees; and 2. related to clients where our contract does not allow for reimbursement of travel. The software licences are sold to clients with a small margin so the reduction in the cost is matched by a reduction in revenue from licence fees.
- foreign currency losses arose on the strengthening Australian dollar, particularly against the US dollar.
- tax expense of \$0.7m was incurred. This is an effective tax rate of 24% and is a result of: (a) the profitability of the Australian and USA businesses; (b) the income tax rate in Australia of 26% in FY2021 compared to 27.5% in FY2020; and (c) deferred tax revenue of \$0.3m booked on unrealised FX losses in the USA as the Australian dollar strengthened against the US dollar during the second quarter.

Basic earnings per share amounted to 5.77 cents per share (diluted earnings 5.77 cents per share).

The FY2020 comparative result of a loss after tax of \$4.5m includes an impairment charge against goodwill allocated to the Australian CGU of \$4.2m. 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 were seen as unlikely to meet budget for the full financial year.

Financial Position

CPT Global's performance has seen a strengthening of the balance sheet with net tangible assets of \$4.4m as at 31 December 2020 compared to \$2.7m at 30 June 2020. CPT no longer has any material intangible assets on the balance sheet after goodwill was fully impaired in FY2020.

Directors' Report

Movements in the balance sheet:

- Contract asset (WIP) has increased by \$0.5 million as we recognised \$0.9m in risk/reward revenue in the first half. This will be invoiced in the second half of the year. \$0.3m in risk/reward revenue at 30 June 2020 has been realised.
- Trade and other receivables decreased \$0.3m. Revenue in December 2020 was \$0.3 higher than revenue in June 2020 despite the Christmas and New Year holiday periods. However, \$0.4m of revenue was risk/reward and recorded in WIP in December rather than in debtors. Furthermore, conversion of debtors to cash continues to be a strength of the business. At 31 December 2020, 86% of debtors are under 30 days and only 0.2% are over 60 days.
- The current tax asset in FY2020 has been converted to cash and a current tax liability recognised for the current period as our Australian, USA and Canadian business generated taxable profits.
- Other assets have increased by \$0.5m. This is the normal cycle of prepayments, particularly our global business insurance which we renewed in late October 2020.
- Trade and other payables decreased by \$1.5m. This was the result of a business decision to provide our people with a small reward by paying them their January payroll and invoices early so they had the extra cash over the Christmas and New Year period. As these payments are made in arrears in January, trade and other payables is lower than at 30 June 2020. This also resulted in the cash balance being lower at the end of the period despite the profit. The amount paid in advance was \$1.7m.
- Borrowings at year end relate to the debtor funding facility provided by Scottish Pacific and the lease liability recognised on the head office.

Cash Flow

CPT had \$3.8 million in cash as at 31 December 2020 (\$3.1 million 30 June 2020) and a net cash inflow of \$0.8 million for the half year.

The increase in cash is significantly less than the profit for the half as we elected to make all payments due to employees and contractors that were due in January 2021 during the Christmas and New Year holiday period as noted above. A total of \$1.7m was paid in advance. Furthermore, there is \$0.9m in WIP at period end related to risk/reward projects, an increase of \$0.6m on 30 June 2020.

Capital Management

An interim dividend of 2.0 cents per share has been declared for the half year to 31 December 2020. This is an increase of 0.75 cents over the FY2020 final dividend and a yield of 6.1% (8.2% including franking credits) on a share price of \$0.33.

The total value of the dividend is \$785,538 and will be paid on 29 March 2021.

With the ongoing uncertainty in our markets and the strategic opportunities that are available to us, we have held the pay out ratio at 35% for the interim dividend. The final dividend and total dividend pay out ratio for FY2021 will depend upon the performance of the business in the second half and strategic decisions we make in the coming months.

Our previously announced intention to grow dividends and increase the pay out ratio over time and as cash allows have not changed.

\$0.3 million was drawn against our debtor funding 31 December 2020 and a further \$0.5 million was available to draw on.

During 2021 our focus is on building our cash reserves to fund the growth of the business and to increase the dividend payout ratio.

Directors' Report

THE OUTLOOK

Building on the momentum we have generated in 2020 is our focus in 2021. Despite the continued uncertainty and risks in our markets, we are optimistic that CPT can continue to grow revenue and profit for shareholders.

As we continue to address the challenges of Covid-19, build on the momentum we have generated and grow the business, our strategy is to:

- concentrate our resources in the Australian and USA markets where the growth in 2020 came from and where we see the greatest opportunities for further growth;
- continue to leverage our experience and expertise delivering high quality services to clients remotely across all our service lines;
- expand our use of digital marketing and sales to generate new business and start new conversations with our clients;
- start to refocus our sales effort and resources on new accounts and selling to former clients, contacts and sponsors as we roll out our digital marketing capability;
- continue to grow within existing clients by expanding into new projects and additional services;
- preserve margins by maintaining control of delivery costs;
- have a laser focus on controlling discretionary costs; and
- provide our employees with the services and support they need to work remotely and maintain a healthy work and personal life.

93% of our Australian forecast revenue to 30 June 2021 is contracted. 70% of the USA forecast revenue is contracted to 30 June 2020 with a significant majority of the balance being extensions to existing contracts that are in the final stages of being signed. This is as strong a position as CPT has been in at this point in the financial year for many years and provides a strong base upon which to continue building the business.

Whilst the proportion of revenue contracted is high, we remain cautious. There is still significant uncertainty and risk in the second half of FY2021 which could impact on our ability to deliver our services and earn the revenue that has been contracted. The significant risks and uncertainties are:

- the proportion of contracted risk/reward revenue that may be recognised in the second half of the financial year and the margins earned on that revenue. The timing of revenue recognition and the margins we earn are dependent on factors that are not always within our control;
- the uncertainty in the markets in which we operate due to Covid-19. The situation in Europe and North America is particularly uncertain; and
- the political situation in the USA.

While we do not expect revenue and profit growth in the business to continue at the rate it has since March 2020, the rate of growth has been unparalleled in CPT's history and has been reliant on existing clients and a new risk/reward contract. We will continue to drive new business in these areas but the next stage of growth for the business is in new accounts in Australia and the USA and rebuilding the Canadian and European businesses. Vaccination programs and countries ongoing management of Covid-19 are critical to unlocking the potential growth we see.

Revenue and profit in the second half may not reach the highs of the first half. We still expect to deliver a profitable half on par with our strongest years, the first half benchmark is just very high. The reasons for this are:

- risk/reward revenue we expected to earn in the third quarter was booked in the first half and the margins were at the high end for this type of engagement. This has no impact on the full year results and has created an opportunity to secure additional revenue due to our performance;
- clients in the USA and Australia are seeking discounts and reductions in head count due to internal budgetary pressures because of declining revenue. This mostly applies to contract renewals but also existing contracts where clients have been hit particularly hard by Covid-19. The banking and finance and higher education sectors have been the most prominent sectors in this regard. We have been able to keep discounts to 5% or less and while individual contracts have had reductions in head count, our overall consultant headcount has not declined; and
- a major project in Australia is scheduled to finish by mid-April 2021. Our challenge is to engage the CPT consultants on new projects with minimal downtime.

Directors' Report

With travel restrictions in place and face-to-face meetings an uncommon occurrence, we have invested in building a digital marketing capability to assist our sales teams by generating qualified leads at businesses we are targeting. The first campaign launched in North America in January 2021 and two further campaigns are in the planning phase.

Covid-19 continues to drive business practices around the globe and we are working on the assumption that we will continue to deliver our services remotely in most regions for the balance of the financial year and move to hybrid remote/office delivery as clients reopen. We expect our Australian clients to begin reopening offices over the coming months with most adopting a hybrid approach. We do not expect our North American or European clients to begin the process of reopening until later in 2021. International travel is not likely to recommence until 2022.

Governance and procurement processes continue to be strengthened and expanded by clients around contracting and spending and budgeting decisions. Longer term projects are being funded over shorter periods to give clients greater flexibility in uncertain times. This has resulted in an increase in the time it takes from sale to commencing an engagement and an increase in back office support to the sales team. This also gives rise to a risk that contracts that come up for renewal will not be renewed on existing terms.

We do not expect to see a material change in our Canadian or Asian regions in the second half of the financial year and they will be managed opportunistically. Our consultants and sales team in Canada will continue to support the USA.

Our European business will see some growth from a contract with a South African bank. The initial 8 week assignment will be completed this financial year with the potential to grow into a major client.

Our medium-term goal is to increase the dividend payout ratio to historic levels of between 70% and 90% of net profit. The timing of this will be contingent upon the business's cash requirements for investment in profitable growth and to build cash reserves.

DIVIDEND

A fully franked interim dividend of 2.0 cents per share has been declared for the half year to 31 December 2020. The dividend will be franked at the Australian tax rate of 26% and will be paid on 29 March 2021.

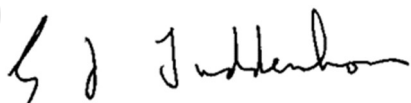
AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2020 has been received and can be found on page 8 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, 19 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF CPT GLOBAL LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there have been:

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Rami Eltchelebi

Rami Eltchelebi
Partner

Melbourne, 19 February 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

HALF YEAR ENDED 31 DECEMBER 2020

Notes

	31 Dec 20 \$'000	31 Dec 19 \$'000
Revenue	18,090	12,058
Other income	51	7
Salaries and employee benefits expense	(1,322)	(1,271)
Consultants benefits expense	(12,256)	(8,636)
Depreciation and amortisation expenses	(94)	(177)
Insurance expense	(181)	(155)
Finance costs	(121)	(102)
Occupancy Costs	(108)	(158)
Other expenses	(897)	(1,853)
Foreign currency losses	(179)	(21)
Impairment loss	-	(4,232)
PROFIT/(LOSS) BEFORE INCOME TAX	2,981	(4,540)
INCOME TAX BENEFIT/(EXPENSE)	(715)	752
PROFIT/(LOSS) AFTER INCOME TAX	2,267	(3,788)
Other Comprehensive Loss:		
Items that may be subsequently reclassified to comprehensive income		
Exchange differences on translating foreign controlled entities	(320)	(157)
Total Other Comprehensive Income for the year, net of tax	(320)	(157)
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR	1,947	(3,945)
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED	2,267	(3,788)
TOTAL COMPREHENSIVE PROFIT (LOSS) ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED	1,947	(3,945)
Basic earnings per share (cents per share)	5.77	(9.89)
Diluted earnings per share (cents per share)	5.77	(9.81)

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 2020

	Notes	31 Dec 20 \$'000	30 June 20 \$'000
CURRENT ASSETS			
Cash and cash equivalents		3,815	3,133
Trade and other receivables		2,713	3,251
Unbilled revenue		1,427	1,115
Current tax asset		-	645
Other current assets		590	139
TOTAL CURRENT ASSETS		8,545	8,283
NON-CURRENT ASSETS			
Deferred tax assets		1,061	1,092
Property, plant and equipment		614	702
Intangible assets	3	-	-
TOTAL NON-CURRENT ASSETS		1,675	1,794
TOTAL ASSETS		10,220	10,077
CURRENT LIABILITIES			
Trade and other payables		3,708	5,164
Borrowings	5	622	818
Current tax liabilities		220	-
Provisions		807	775
TOTAL CURRENT LIABILITIES		5,357	6,757
NON-CURRENT LIABILITIES			
Deferred tax liability		123	86
Other long term provisions		-	-
Borrowings		322	491
TOTAL NON-CURRENT LIABILITIES		445	577
TOTAL LIABILITIES		5,802	7,334
NET ASSETS		4,418	2,743
EQUITY			
Issued capital		12,602	12,396
Reserves		1,018	1,337
Retained earnings		(9,202)	(10,990)
TOTAL EQUITY		4,418	2,743

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 2020

	\$'000	\$'000	\$'000	\$'000	\$'000
Notes	Issued Capital	Retained Earnings	Equity Reserve	Foreign Currency Translation Reserve	Total
Balance at 1 July 2019	12,308	(7,456)	1,706	(189)	6,369
Comprehensive Income					
Profit/(loss) for the year	-	(3,788)	-	-	(3,788)
Other comprehensive Income	-	-	-	(157)	(157)
Total comprehensive income/(loss) for the year	-	(3,788)	-	(157)	(3,945)
Transactions with owners, in their capacity as owners					
Share based payments	-	-	-	-	-
Dividends paid or provided for	-	(189)	-	-	(189)
Dividend re-investment	91	-	-	-	91
Issue of Shares	-	-	-	-	-
Total transactions with owners, in their capacity as owners	91	(189)	-	-	(98)
Balance at 31 December 2019	12,399	(11,433)	1,706	(346)	2,326
Balance at 1 July 2020	12,396	(10,990)	1,706	(369)	2,743
Comprehensive Income					
Profit/(loss) for the year	-	2,267	-	-	2,267
Other comprehensive Income	-	-	-	(320)	(320)
Total comprehensive income/(loss) for the year	-	2,267	-	(320)	(1,947)
Transactions with owners, in their capacity as owners					
Share based payments	-	-	-	-	-
Dividends paid or provided for	-	(478)	-	-	(478)
Dividend re-investment	206	-	-	-	206
Issue of Shares	-	-	-	-	-
Total transactions with owners, in their capacity as owners	206	(478)	-	-	(272)
Balance at 31 December 2020	12,602	(9,202)	1,706	(688)	4,418

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 2020

	Notes	31 Dec 20 \$'000	31 Dec 19 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,254	17,557
Payments to suppliers and employees		(18,083)	(15,146)
Interest received		12	2
Finance costs		(60)	(56)
Income tax (paid)/refunded		280	(892)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>1,403</u>	<u>1,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, software		(6)	(6)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(6)</u>	<u>(6)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(364)	(405)
Payment of dividends on ordinary shares		(272)	(99)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(636)</u>	<u>(504)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		761	955
Add opening cash & cash equivalents brought forward		3,133	1,653
Effects of exchange rate changes on cash and cash equivalents		(79)	(92)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD		<u><u>3,815</u></u>	<u><u>2,516</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 2020

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 2020 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 2020, 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.

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 2020 annual report.

Notes to the Financial Statements

Half-Year Ended 31 December 2020

2. DIVIDENDS

	As at 31 Dec 20 \$'000	As at 31 Dec 19 \$'000
(a) Dividends paid during the year		
• <i>Prior year final</i>		
Franked dividends (1.25c per share) (2019: 0.50c per share)	478	189
	<u>478</u>	<u>189</u>
(b) Aggregate dividends declared post period end		
Fully franked interim dividend of 2.00 cents per share (2019: 0.00 cents per share).	786	-
	<u>786</u>	<u>-</u>

3. INTANGIBLE ASSETS

	31 Dec 20 \$'000	30 June 20 \$'000
Goodwill at cost	9,659	9,659
Accumulated impairment losses	(9,659)	(9,659)
Total goodwill	<u>-</u>	<u>-</u>
Intellectual Property at cost	75	75
Accumulated impairment losses	(75)	(75)
Total intellectual property	<u>-</u>	<u>-</u>
Software at cost	750	750
Disposals	-	-
Write back of accumulated amortisation on disposals	-	-
Accumulated amortisation	(750)	(750)
Total software	<u>0</u>	<u>0</u>
Total intangible assets	<u>0</u>	<u>0</u>

The following information relates to the comparative period and explains the impairment of goodwill as at 31 December 2019.

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.

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 2020

5. BORROWINGS

	Note	As at 31 Dec 20 \$'000	As at 30 June 20 \$'000
CURRENT			
Secured borrowings	5(a)	303	592
Lease liability	5(b)	319	226
Total current borrowings		622	818
NON- CURRENT			
Lease liability	5(b)	322	491
Unutilised financing facilities			
Credit facility		5,000	5,000
Amount secured utilised	5(a)	(303)	(592)
		4,697	4,408

- (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 \$1.4m 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 31 December 2020, the available funding under the facility was \$0.5m.
- (b) The Group has a lease contract for the use of property. The lease has a term of 5 months remaining with a 3 year option. The weighted average incremental borrowing rates used to measure lease liabilities is 7%.

6. OPERATING SEGMENTS

Segment Performance

	Australia		Europe		North America		Consolidated	
	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19	Dec-20	Dec-19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE								
External Sales	10,417	6,077	333	220	7,340	5,762	18,090	12,058
Miscellaneous Revenue							-	-
Total Group Revenue							18,090	12,058
Segment Gross Profit before tax	2,988	1,636	177	76	3,905	2,330	7,122	4,051
<i>Reconciliation of segment result to group profit/loss before tax</i>								
Unallocated Items								
- Overheads							(4,141)	(4,359)
- Impairment loss							-	(4,232)
Profit/ (Loss) before tax							2,981	(4,540)

Notes to the Financial Statements

Half-Year Ended 31 December 2020

6. OPERATING SEGMENTS (cont.)

Segment Assets

	Australia		Europe		North America		Consolidated	
	Dec-20	Jun-20	Dec-20	Jun-20	Dec-20	Jun-20	Dec-20	Jun-20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Assets	1,697	2,877	243	41	2,105	1,353	4,046	4,271
Segment asset increases for the period:								
- Capital Expenditure	-	-	-	-	-	-	-	-
	1,697	2,877	243	41	2,105	1,353	4,046	4,271
<i>Reconciliation of segment assets to group assets</i>								
Unallocated assets:								
- Goodwill	-	-	-	-	-	-	-	-
- Property, plant & equipment							614	702
- Other Assets							5,560	5,104
Total Group Assets							10,220	10,077

Segment Liabilities

	Australia		Europe		North America		Consolidated	
	Dec-20	Jun-20	Dec-20	Jun-20	Dec-20	Jun-20	Dec-20	Jun-20
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment Liabilities	5,052	6,162	595	440	(775)	(129)	4,882	6,472
Segment liability increases for the period:								
-	-	-	-	-	-	-	-	-
	5,052	6,162	595	440	(775)	(129)	4,882	6,472
<i>Reconciliation of segment liabilities to group liabilities</i>								
Unallocated liabilities:								
- Provisions	827	786	-	-	102	76	930	862
- Other Liabilities	-	-	-	-	-	-	-	-
Total Group Liabilities							5,802	7,334

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 2020 was \$1,719.

At 31 December 2020, there were NIL (2019: NIL) performance rights vested but not exercised.

There are no other options or performance rights granted by CPT Global Limited to any other party.

8. EVENTS AFTER THE REPORTING PERIOD

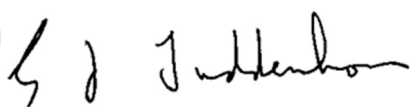
No events have occurred after the reporting period that would require disclosure in these financial statements,

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 17, are in accordance with the Corporations Act 2001 including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 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



Gerry Tuddenham
Managing Director
Melbourne, 19 February 2021

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 subsidiaries (the Group)) which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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 accompanying half-year financial report of CPT Global Limited does not comply with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at CPT Global Limited and of its performance for the half-year ended on that date, and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors' for the Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at CPT Global Limited and its performance for the half-year ended on that date and

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complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



ShineWing Australia
Chartered Accountants



Rami Eltchelebi
Partner

Melbourne, 19 February 2021

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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

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Internet: 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

Auditors

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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