

CIRRALTO LIMITED

(formerly Motopia Limited)

Appendix 4E – Unaudited Preliminary Final Report

For the year ended 30 June 2018

APPENDIX 4E (ASX LISTING RULE 4.3A)

Preliminary final report
30 June 2018

Cirralto Limited ABN 67 009 084 143

1. Results for announcement to the market

Cirralto Group	Year ended 30 June			
	2018	2017	Movement	
	$	$	$	%
Revenue (excluding finance income) from ordinary activities	301,553	37,955	263,598	695%
Net (Loss) after income tax from ordinary activities attributable to members	(6,440,644)	(1,938,065)	(4,502,579)	232%

2. Net Tangible Assets per security information

Cirralto Group	Year ended 30 June	
	2018	2017
	cents	cents
Net tangible assets per security	0.10	(2.20)

3. Dividend information

No dividend has been determined for the year ended 30 June 2018

The above information should be read in conjunction with the attached unaudited preliminary financial report for the year ended 30 June 2018.

4. Control gained or lost over entities during the period

On 7 September 2017 the Company wholly acquired 100% of the issued capital in Cirralto Business Services Pty Ltd ("CBS") via the issue of 132,500,000 shares in the Company at an issue price of $0.038 (being the published share price at acquisition date) each as consideration. The acquisition was fully funded via the issue of shares in the Company to CBS shareholders. Through acquiring 100% of CBS, the Company has obtained control.

On 4 June 2018, the Company entered into a Settlement and Deed of Release with CU2 Global Pty Ltd and CU2 Technologies Pty Ltd in which the Board decided to divest itself of its interest in both companies. As part of the deed of settlement all files that related to 2SQL and IP relating to 2SQL and its online platform/website (ConvertU2LOnline platform which hosts 2SQL) were transferred and a loss on disposal of $107,726 was recorded. CU2G has agreed to pay the Company a royalty of 10% of the Gross Revenue received from the sale of licenses of the software made by or on behalf of CU2G for a period of 60 months beginning on the royalty term.

5. Details of associated joint venture entities

The Company held no interest in associates or joint ventures during the year ended 30 June 2018 (2017: nil)

6. Compliance statement

This report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and interpretations or other standards acceptable to ASX. No other standards have been applied. This report and the accounts upon which the report is based use the same accounting policies. This report gives a true and fair view of the matters disclosed.

7. Audit of the Financial Statements

This report is based on information extracted from the Annual Financial Report of Cirralto Limited and the entities it controlled at the end of, or during the year ended 30 June 2018 (Consolidated Entity or Group). The preliminary financial report is based upon financial statements that are in the process of being audited.

Signed on behalf of Cirralto Limited



Justyn Stedwell
Company Secretary
Date: 31 August 2018

Commentary on results
For the year ended 30 June 2018

Cirralto Limited (previously known as Motopia) (referred to as "Cirralto" or the "Company") is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:CRO). The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprises the Company and its subsidiaries (collectively referred to as the "Group").

These unaudited financial statements present the consolidated results of the Company and its subsidiaries for the year ended 30 June 2018.

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Interim Financial Report for the period ended 31 December 2017 and any public announcements made by Cirralto Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Operating and Financial Review

Cirralto Limited owns, licenses and operates technology assets and services that enable modernisation of business IT systems via the conversion, migration and management of server based legacy data and systems to an integrated cloud-based solution. The Company supplies a toolbox of digital technologies which enable businesses to retain essential data while migrating across to cloud-based, fully connected and integrated systems.

Review of results

The table below details key financial information for the year ended 30 June 2018 (FY18), in comparison to the 2017 (FY17) results.

	30 June 2018 $	30 June 2017 $	Movement
Revenue from continuing operations	301,553	37,955	263,598
Cost of services rendered	(472,448)	-	(472,448)
Employee & directors' benefits expense	(1,210,910)	(365,153)	(845,757)
Impairment of assets	(1,720,568)	(66,375)	(1,654,193)
Share-based payment expense	(1,503,847)	-	(1,503,847)
Other expenses	(1,834,424)	(1,544,492)	(289,932)
Income tax expense	-	-	-
Statutory net loss after income tax	**(6,440,644)**	**(1,938,065)**	**(4,502,579)**

On 7 September 2017, the Company wholly acquired 100% of the issued capital in Cirralto Business Services Pty Ltd ("CBS") via the issue of 132,500,000 shares in the Company at an issue price of $0.038 (being the published share price at acquisition date) each as consideration. The acquisition was fully funded via the issue of shares in the Company to CBS shareholders. Through acquiring 100% of CBS, the Company has obtained control and is poised to be the leading cloud conversion PaaS (Platform as a Service) provider. See note 2 for further details.

Revenue for the 2018 reporting period was $301,553 compared to the 2017 revenue of $37,955, representing an increase of 695% driven by significant wins within the pool services industry and a national franchise services group

During the year the Company raised $5.3 million (net of costs) by way of placements, share purchase plans and convertible notes. The funds allowed for the fast-track of cloud-based growth opportunities and were used for operational and working capital purposes.

During the fourth quarter of 2018 the Company's financial performance for FY18 was adversely impacted by a major restructure within Telstra, which resulted in the Company no longer participating in the Telstra Digital Commerce Programme. The direct impact of this was a reversal of the majority of booked revenues, resulting in some of the forecast cash-flow from FY18 now expected to be realised in early FY19.

The statutory net loss after tax for FY18 reporting period was $6,440,644 compared to FY17 of $1,938,065 representing an increase of 232% however these results reflect a significant item of $1,720,568 which mainly represents a non-cash impairment recognised in respect to the Telstra contract as noted above.

Operating costs (excluding impairments) have increased compared to last year, given the acquisition of CBS and increased customer base which is supported by a corresponding overhead structure.

Closing cash on hand at year end was $569k following the utilisation of $4 million for operating activities and $745k for software development expenditure against collections of $183k and receipt of funds from placements of $5.3 million (net of costs).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	30 June 2018 $	30 June 2017 $
Revenue from continuing operations	3	301,553	37,955
Cost of services rendered		(472,448)	-
Other Income	3	5,949	309,901
Employee & directors' benefits expense	4a	(1,210,910)	(365,153)
Depreciation and amortisation expense	4b	(528,766)	(137,008)
Impairment of assets	4b	(1,720,568)	(66,375)
Consulting fees	4c	(311,124)	(1,200,372)
Legal and other professional fees		(163,684)	(198,288)
Regulatory listing fees		(97,068)	(45,912)
Occupancy expenses		(166,106)	(45,725)
Share-based payment expense		(1,503,847)	-
Other expenses		(511,800)	(197,354)
Finance costs		(61,825)	(29,734)
Loss before income tax		**(6,440,644)**	**(1,938,065)**
Income tax expense		-	-
Loss after income tax		**(6,440,644)**	**(1,938,065)**
Loss for the year after income tax attributable to owners of Cirralto Limited		**(6,440,644)**	**(1,938,065)**
Other comprehensive loss for the year, net of tax		**-**	**-**
Total comprehensive loss for the year attributable to owners of Cirralto Limited		**(6,440,644)**	**(1,938,065)**
Loss per share for the year ended attributable to the members of Cirralto Limited			
- Basic (loss) per share (cents per share)	5	(2.44)	(2.81)
- Diluted (loss) per share (cents per share)	5	(2.44)	(2.81)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Consolidated	
	Note	30 June 2018 $	30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents	6	569,399	4,048
Trade and other receivables	7	324,536	19,147
Other current assets		135,386	6,274
		1,029,321	29,469
Assets held for sale		-	60,000
Total current assets		**1,029,321**	**89,469**
Non-current assets			
Property, plant & equipment		7,649	-
Intangible assets	8	4,155,988	174,764
Total non-current assets		**4,163,637**	**174,764**
Total assets		**5,192,958**	**264,233**
Liabilities			
Current liabilities			
Trade and other payables		534,287	1,225,692
Provisions		173,860	-
Other loans		-	9,326
Convertible notes	9	-	444,652
Total current liabilities		**708,147**	**1,679,670**
Non-current liabilities			
Other loans		-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**708,147**	**1,679,670**
Net assets / (liabilities)		**4,484,811**	**(1,415,437)**
Equity			
Contributed equity	10	56,238,006	45,400,961
Share-based payment reserve	11	1,503,847	-
Accumulated losses		(53,257,042)	(46,816,398)
Total equity / (deficiency)		**4,484,811**	**(1,415,437)**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated			
	Contributed Equity $	Share-based payment reserve $	Accumulated Losses $	Total Equity/ (Deficiency) $
30 June 2017				
Balance as at 1 July 2016	**45,147,042**	**-**	**(44,878,333)**	**268,709**
Loss for the year	-	-	(1,938,065)	(1,938,065)
Total Comprehensive loss for the year	**-**	**-**	**(1,938,065)**	**(1,938,065)**
Transactions with owners in their capacity as owners:				
Issue of share capital	276,000	-	-	276,000
Transactions costs related to share issue	(22,081)	-	-	(22,081)
Balance as at 30 June 2017	**45,400,961**	**-**	**(46,816,398)**	**(1,415,437)**
30 June 2018				
Balance as at 1 July 2017	**45,400,961**	**-**	**(46,816,398)**	**(1,415,437)**
Loss for the year	-	-	(6,440,644)	(6,440,644)
Total Comprehensive loss for the year	**-**	**-**	**(6,440,644)**	**(6,440,644)**
Transactions with owners in their capacity as owners:				
Issue of share capital	11,156,740	-	-	11,156,740
Transactions costs related to share issue	(319,695)	-	-	(319,695)
Share-based payment transactions	-	1,503,847	-	1,503,847
Balance as at 30 June 2018	**56,238,006**	**1,503,847**	**(53,257,042)**	**4,484,811**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Receipts from customers		182,706	48,350
R&D Tax Refund		-	309,887
Interest received		4,274	14
Payments to suppliers and employees		(4,136,946)	(1,108,464)
Bank charges and interest paid		(33,762)	(713)
Net cash (used in) operating activities		**(3,983,728)**	**(750,926)**
Cash flows from investing activities			
Cash acquired from CBS acquisition		224	-
Acquisition of non-current assets		(745,644)	-
Net cash (used in) investing activities		**(745,420)**	**-**
Cash flows from financing activities			
Other loans		(21,831)	7,311
Proceeds from issue of shares		5,316,330	253,919
Proceeds from convertible shares		-	422,000
Net cash inflow from financing activities		**5,294,499**	**683,230**
Net increase /(decrease) in cash and cash equivalents		565,351	(67,696)
Cash at beginning of financial year		4,048	71,744
Cash at end of financial year	**6**	**569,399**	**4,048**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Corporate Information

Cirralto Limited (previously known as Motopia) (referred to as "Cirralto" or the "Company") is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX:CRO). The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprises the Company and its subsidiaries (collectively referred to as the "Group").

Note 2 Business combinations

On 7 September 2017 the Company wholly acquired 100% of the issued capital in Cirralto Business Services Pty Ltd ("CBS") via the issue of 132,500,000 shares in the Company at an issue price of $0.038 (being the published share price at acquisition date) each as consideration. The acquisition was fully funded via the issue of shares in the Company to CBS shareholders.

CBS is a technology solutions specialist that provides technology enablement services to customers wishing to fulfil their digital and eCommerce ambitions, allowing them to better compete in the global marketplace, access new, non-traditional markets and acquire new customers. CBS is also the owner and developer of the 'Flashconvert' technology – a data migration platform which allows users to upload legacy data files for conversion to cloud accounting platforms. The acquisition is part of the Company's overall strategy to launch its combined business modernisation technology platform as a service (PaaS) offering to the SMB and SME business segment.

Through acquiring 100% of CBS, the Company has obtained control.

	Fair value $
Purchase consideration	
Cash	-
Equity issued – (refer to Note 10)	5,035,000
	5,035,000
Less:	
Cash on hand/bank	224
Receivables	96,955
Property, plant & equipment	21,717
Fair value of intangible assets acquired	2,814,990
Deferred tax liability on the fair value of intangibles assets acquired	(774,122)
Provisions for employee benefits	(161,154)
Payables	(440,316)
Identifiable assets acquired and liabilities assumed	**1,558,294**
Goodwill	**3,476,706**
Cash acquired from CBS acquisition	224
Cash inflow on acquisition	**224**

Goodwill represents other net assets and intangible assets of the business not explicitly recognised on the balance sheet and includes assembled workforce, technical expertise, distribution channels, customer service capability, product and service support and geographic presence. It will not be deductible for tax purposes.

Note 3 Revenue and other income

	Consolidated	
	2018 $	2017 $
Revenue		
Revenue from rendering of services	301,553	37,955
	301,553	37,955
Other Income		
Interest revenue	4,274	14
R & D tax refund	-	309,887
Other income	1,675	-
	5,949	309,901

Note 4 Expenses

		Consolidated	
		2018 $	2017 $
4a	**Employee & Directors benefits expense**		
	Director remuneration	726,389	329,153
	Employee & company secretary fees	484,521	36,000
	Total employee and directors' expense	1,210,910	365,153
4b	**Depreciation, amortisation & impairment expenses**		
	Depreciation	26,711	-
	Amortisation	502,055	137,008
	Total Depreciation & amortisation expense	528,766	137,008
	Impairment charges:		
	Intangible assets	1,720,568	66,375
	Total impairment charges	1,720,568	66,375
4c	**Consulting fees**		
	IT services	195,077	973,591
	Corporate & funding strategy services	89,000	217,190
	Other consulting services	27,047	9,591
		311,124	1,200,372

Note 5 Earnings per share

Basic earnings or loss per share are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings or loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Share options are considered to be anti-dilutive and not used in the calculation of diluted EPS.

	Consolidated	
	2018 $	2017 $
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Loss after income tax expense from continuing operations	(6,440,644)	(1,938,065)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS [1]	264,285,317	68,988,227
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS [1]	264,285,317	68,988,227
Basic loss per share (cents per share)	(2.44)	(2.81)
Diluted loss per share (cents per share)	(2.44)	(2.81)

[1] Adjusted for the consolidation of ordinary fully paid shares on the basis of 100 for 1 effective on 22 November 2016.

Note 6 Cash and cash equivalents

	Consolidated	
	2018 $	2017 $
Cash at bank and in hand	569,399	4,048
	569,399	4,048

Note 7 Trade and other receivables

	Consolidated	
	2018 $	2017 $
Trade receivables	136,959	-
Accrued revenue based on revenue recognition	45,479	-
Other receivables	142,099	19,147
	324,537	19,147

(a) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on-sell) receivables to special purpose entities.

Note 8 Intangible assets

	Consolidated	
	2018 $	2017 $
Lemon & Lime platform – at cost (a)	5,500	5,500
Less: Accumulated amortisation	(4,125)	(4,125)
Less: Provision for impairment	(1,375)	(1,375)
	-	-
ConvertU2Online platform – at cost (b)	292,527	292,527
Less: Accumulated amortisation	(184,799)	(117,763)
Less: Loss on disposal of asset	(107,728)	-
	-	174,764
Modac IP – at cost (c)	250,000	250,000
Less: Accumulated amortisation	(190,000)	(125,000)
Less: Provision for impairment	(60,000)	(65,000)
Less: Transfer to asset held for sale	-	(60,000)
	-	-
Software development – at cost (d)	755,000	-
Less: Accumulated amortisation	(75,718)	-
	679,282	-
Intangible contract on acquisition of CBS – at cost (e)	2,814,990	-
Less: Accumulated amortisation	(380,300)	-
Less: Provision for impairment	(1,660,568)	-
Less: Deferred tax liability on the fair value of intangible asset acquired (note 2)	(774,122)	-
	-	-
Goodwill on acquisition of CBS – at cost (f)	3,476,706	-
Less: Provision for impairment	-	-
	3,476,706	-
Total intangibles	**4,155,988**	**174,764**

(a) Lemon & Lime platform

The directors do not believe sufficient revenue will be derived over the next three years and fully impaired this asset in the financial year ended 30 June 2017.

(b) ConvertU2Online platform

On 4 June 2018, the Company entered into a Settlement and Deed of Release with CU2 Global Pty Ltd and CU2 Technologies Pty Ltd in which the Board decided to divest itself of its interest in both companies. As part of the deed of settlement all files that related to 2SQL and IP relating to 2SQL and its online platform/website (ConvertU2LOnline platform which hosts 2SQL) were transferred and a loss on disposal of $107,728 was recorded. CU2G has agreed to pay the Company a royalty of 10% of the Gross Revenue received from the sale of licenses of the software made by or on behalf of CU2G for a period of 60 months beginning on the royalty term.

The platform was recognised and measured as an intangible asset based on the development costs incurred. The directors assessed the useful life of the asset as 4 years and amortised the asset from 1 July 2015.

Note 8 Intangible assets (continued)

(c) Modac Group Pty Ltd (Modac) – IP

On 24 April 2015, the Company gained control in Modac Group Pty Ltd ("Modac") by acquiring 100% of the shares in Modac through ConvertU2Online Pty Ltd ("CU2O"), a wholly owned subsidiary, for $250,000.

Modac is the Pacific licensee of iSpirer technology. Like 2SQL, iSpirer's technology enables customers to migrate from legacy database applications some of which include Oracle, DB2, FoxPro and Progress to SQL Server.

The total consideration of $250,000 paid for the acquisition of Modac is recognized as the fair value of the IP in Modac. The directors assessed the useful life of the asset as 4 years.

In the 2017 financial year, the Company was finalising a sale agreement to dispose of the IP in Modac Group Pty Ltd ("Modac") to CU2 Global Pty Ltd, an associate of the Company. The Company decided to dispose of the asset as it does not align with the Company's strategy with the acquisition of Cirralto. The carrying amount of the asset was impaired to equal the expected sales proceeds of $60,000. The sale of the IP did not materialise during the 2018 financial year and Modac's Pacific licence expired, as such the asset was impaired in full. No revenue or expenses were incurred in relation to the IP during the 2018 financial year.

(d) Software development costs

Software consist of capitalised development costs being an internally generated intangible asset. Development costs consist of customised applications that integrate data through the use of cloud enabled technologies, specifically the Poolbox solution. The directors assessed the useful life of the asset as 5 years.

(e) Intangible Contract

The acquisition of CBS included a contract whereby CBS formed a partner alliance to become accredited resellers and enablement partners within Telstra Limited. As announced on 27 July 2018, the Company received notice that it would no longer be participating in the Telstra Digital Commerce programme. Given the expiry of the contract relationship, the directors decided to fully impair the carrying amount of the asset at 30 June 2018.

(f) Goodwill

As described in note 2 the Company acquired 100% of CBS. Goodwill represents other net assets and intangible assets of the business not explicitly recognised on the balance sheet and includes assembled workforce, technical expertise, distribution channels, customer service capability, product and service support and geographic presence. It will not be deductible for tax purposes. The Group tests whether goodwill has suffered any impairment on an annual basis.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated			
	Goodwill	Software	Trademarks & IP	Total
	$	$	$	$
Opening balance at 1 July 2016	**-**	**250,647**	**187,500**	**438,147**
Amortisation	-	(74,508)	(62,500)	**(137,008)**
Impairment of assets	-	(1,375)	(65,000)	**(66,375)**
Transfer to asset held for sale	-	-	(60,000)	**(60,000)**
Closing balance at 30 June 2017	**-**	**174,764**	**-**	**174,764**
Opening balance at 1 July 2017	**-**	**174,764**	**-**	**174,764**
Additions	3,476,706	755,000	2,814,990	**7,046,696**
Amortisation	-	(142,754)	(380,300)	**(523,054)**
Impairment of assets	-	-	(1,720,568)	**(1,720,568)**
Deferred tax liability on fair value of intangible asset acquired	-	-	(774,122)	**(774,122)**
Loss on disposal of asset	-	(107,728)	-	**(107,728)**
Reversal of asset held for sale	-	-	60,000	**60,000**
Closing balance at 30 June 2018	**3,476,706**	**679,282**	**-**	**4,155,988**

Note 9 Convertible notes

	Consolidated	
	2018 $	2017 $
Convertible Notes	444,652	425,000
Less: Transaction cost of notes issued	-	(3,000)
Add: Interest accrued	28,063	22,652
Less: Value of notes converted	(472,715)	-
Convertible Notes	-	444,652

The key terms of the convertible notes constitute:

1. A face value representing a principal amount of $25,000
2. Expires on 30 June 2018
3. Bears interest from the issue date at 12% per annum, capitalising quarterly in arrears, and accruing annually
4. The Company may elect to pay the interest through the issue of ordinary Shares at a 5% discount to the 10 day volume weighted average price (VWAP) prior to date for payment, subject to any required shareholder approvals being obtained
5. Subject to the Company obtaining shareholder approval, each note is fully convertible into ordinary shares
6. Noteholders will receive free attaching options
7. Non-transferable
8. On conversion, shares will be issued to converting loan note holders at a 25% discount to the 10 day VWAP
9. The notes are unsecured. The Noteholders shall rank as an unsecured general creditor of the Company
10. The Company may repay all of the principal amount outstanding and redeem the notes at any time prior to the expiry date

All convertible notes on issue as at 22 December 2017 were converted into shares on 22 December 2017 in accordance with the above terms. The total principal amount of the notes ($425,000) was converted into 9,042,558 shares at an issue price of $0.047 per share. The total interest on the notes ($50,715) was converted into 859,580 shares at an issue price of $0.059 per share. Options were also issued for no additional consideration in accordance with the terms of the convertible notes.

Note 10 Contributed equity

	Consolidated	
	2018 $	2017 $
Ordinary shares	56,238,006	45,400,961
	56,238,006	**45,400,961**

Ordinary shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and moneys paid up on shares held. The fully paid ordinary shares have no par value. Ordinary shareholders are entitled to one vote, either in person or by proxy at a meeting of the Company.

Consolidated				
Ordinary shares	2018		2017	
	No. Shares	$	No. Shares	$
Opening balance	**72,258,638**	**45,400,961**	**6,535,843,372**	**45,147,042**
Consolidation of shares (100:1)	-	-	(6,470,484,734)[1]	-
Rights issue and share placements	127,909,265	5,636,025	6,900,000	276,000
Issued to creditors in lieu of settlement	100,000	10,000	-	-
CBS acquisition (refer to Note 4)	132,500,000	5,035,000	-	-
Share issue via conversion of convertible notes	9,902,138	475,715	-	-
Transactions costs related to share issue	-	(319,695)	-	(22,081)
Closing balance	**342,670,041**	**56,238,006**	**72,258,638**	**45,400,961**

[1] Consolidation of ordinary fully paid shares on the basis of 100 for 1 announced on 17 October 2016 and effective on 22 November 2016.

Note 11 Share Based Payment Reserve

	Consolidated	
	2018 $	2017 $
Opening Balance	-	-
Unlisted options issued during the year	1,503,847	-
Closing balance	1,503,847	-

Share-based payment reserve is used to recognise the grant date of fair value options issued but not exercised.

Note 12 Segment reporting

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The consolidated entity operates predominantly in the IT industry focusing on data migration, and a single geographic segment being Australia.

At regular intervals, the CODM is provided management information at a consolidated level for the entity's cash position, the carrying values of intangible assets and a cash flow forecast for the next twelve months of operation. On this basis, no segment information is included in these financial statements.

Note 13 Events occurring after the reporting date

As announced on 27 July 2018, the Company will no longer be participating in the Telstra Digital Commerce programme. Whilst there is no expected impact on any of the current engagements and success that the Company has achieved in the market to date, the change resulted in the Company having to issue new engagement contracts to the majority of its customers, to replace previous contracts with Telstra.

The Company has initiated a new "Go to Market" strategy and is currently in the process of engaging directly with its customer base and pivoting away from the Telstra model in order to mitigate the impact of this change. The change in strategy will enable Cirralto to significantly broaden its solution offering by bundling hardware and services and is supported by offering debtor and equipment finance to its customers through the Company's engagement with Classic Funding Group.

On 16 August 2018, the Company advised it had completed a bookbuild to raise $1.5 million through a placement of approximately 48 million fully paid ordinary shares at an issue price of $0.031 to institutional and sophisticated investors. Directors of the Company have committed to subscribe for $100,000 in the placement subject to shareholder approval.

The Company announced a 1 for 8 non-renounceable rights issue on 16 August 2018, providing shareholders with the ability to subscribe for one new share for every eight shares held by eligible shareholders at an issue price of $0.031 to raise up to a further $1.5 million. The proceeds of the placement and rights issue will be used to fund further growth in the operations team, fund further product development to enhance the solution set and continue to fund the initial testing and subsequent development of the potential Payments solution.

On 23 August 2018, tranche 1 of the placement was completed and the Company issued 45,174,182 ordinary shares at $0.031 per share.