Cirralto Limited

ABN 67 099 084 143

Appendix 4D

Half-Year Ended 31 December 2019

CONTENTS

- Results For Announcement To The Market
- Half-Year Financial Report
- Independent Review Report

Appendix 4D

Half-Year Report

Name of Entity

Cirralto Limited

ABN or equivalent company reference	Half-Yearly *(tick)*	Preliminary final *(tick)*	Financial Year Ended ('current period')
A.B.N. 67 099 084 143	✓		6 months ended 31 Dec 19

Results for announcement to the market

Results	A $
Total Revenues	Up from $251,327 to $269,855
Net loss for the period attributable to members	Down from $2,193,922 to $1,828,835

Dividends	**Amount per security**	**Franked amount per security**
Final dividend - no dividend is proposed	N/A	N/A
Previous corresponding period - no dividend declared	N/A	N/A
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	N/A	

NTA backing	Current period	Previous corresponding period
Net tangible assets backing per ordinary security (in cents)	$ nil	$ nil

Explanation of Net Loss

The consolidated net loss for the half-year after income tax attributable to members of the parent entity amounted to $1,828,835 (2018 December loss: $2,193,922). The Company is a start-up technology company with low sales volumes and significant expenditure for developing its products and services.

1. **Details of entity over which control has been gained or lost during the period:**

   Not applicable

2. **Details of individual and total dividends or distribution payments. The details must include the date on which each dividend or distribution is payable, and if known the amount per security of foreign sourced dividend or distribution.**

   Not applicable - no dividends have been declared or paid.

3. **Details of any dividends or distribution reinvestment plans in operations and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan.**

   Not applicable

4. **Details of associated joint venture entities**

   Not applicable

This report is based on:

The financial report has been reviewed by an independent auditor.

Sign here:  Date: 29 / 02 / 2020

Print Name: Justyn Stedwell (Company Secretary)

CIRRALTO LIMITED
AND ITS
CONTROLLED ENTITIES
ABN: 67 099 084 143

FINANCIAL REPORT

HALF-YEAR ENDED
31 DECEMBER 2019

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Corporate Information

This half-year report covers the Cirralto Group comprising Cirralto Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

DIRECTORS

Mr Peter Richards (Non-Executive Chairman)

Mr Adrian Floate (Managing and Executive Director)

Mr Stephen Dale (Non-Executive Director)

Mr Howard Digby (Non-Executive Director) (appointed 30 July 2019)

Mr Marcus L'Estrange (Non-Executive Director) (resigned 22 July 2019)

COMPANY SECRETARY

Mr Justyn Stedwell

REGISTERED OFFICE

1B/205-207 Johnston Street
Fitzroy, VIC 3065

PRINCIPAL PLACE OF BUSINESS

Level 13, 333 George Street
Sydney, NSW 2000

SHARE REGISTER

Automic Registry Services
Level 3
50 Holt Street
Surry Hills NSW 2010
Phone: 1300 288 664 (local)
+61 (2) 9698 5414 (international)
www.automic.com.au

BANKERS

Westpac Banking Corporation
360 Collins Street
Melbourne VIC 3000
Phone: +61 3 9608 3205
Fax: +61 3 9608 4343

AUDITORS

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000
Phone: +61 8 9463 2463
Fax: +61 8 9463 2499

SOLICITORS

Pointon Partners
Level 14
565 Bourke Street
Melbourne VIC 3000

STOCK EXCHANGE LISTING

The company is listed on the Australian Securities Exchange Limited

ASX Code – CRO

COMPANY WEBSITE

https://www.cirralto.com.au/

Directors' Report

Your Directors present their report on the consolidated entity consisting of Cirralto Limited and the entities it controlled ("Cirralto Group") for the half-year ended 31 December 2019.

DIRECTORS

The names of the company's directors in office at any time during the half-year and until the date of this report are shown below. Directors were in office for this entire period unless otherwise stated.

Mr Peter Richards (Non-Executive Chairman)

Mr Adrian Floate (Managing and Executive Director)

Mr Stephen Dale (Non-Executive Director)

Mr Howard Digby (Non-Executive Director) (appointed 30 July 2019)

Mr Marcus L'Estrange (Non-Executive Director) (resigned 22 July 2019)

REVIEW AND RESULTS OF OPERATIONS

The consolidated net loss for the half-year after income tax attributable to members of the parent entity amounted to $1,828,835 (2018 December loss: $2,193,922).

Operational Update

The Cirralto team has had a busy half-year with significant activity across the business as we strive to reach our potential.

During the half-year, the Group:

- Finalised terms for and announced the merger with Appstablishment Software Group Pty Ltd;
- Completed further significant development of the payments products;
- Made further technology investments into solution deliverability, scalability and performance improvement;
- Developed services with Invigo to launch complementary buy now pay later services for business to business transactions;
- Developed Water Testing software for the Spenda Pool POS;
- Entered two new strategic relationships with US vendors designed to bolster our intellectual property and market opportunities;
- Released PoolBox 2.1;
- Launched early adopter sales and marketing campaigns;
- Launched services for 3PL and 4PL customers; and
- Further restructured internal operations with a focus on customer
- acquisition, support reduction and project profitability.

These activities have enabled the company to set more aggressive but realistic growth goals in 2020, including:

- The launch of payments in the near term;
- Expanding the Spenda Pool market share in Australia and New Zealand;
- Broadly launching Spenda Marketplace;
- Bundling the Spenda software and payments services to create a competitive advantage across the Xero customer base and the broader small to medium business market segments; and
- Launching post pay B2B payments services with Invigo.

The Group has the following plans for the coming quarters:

- Successfully launch payments and the Spenda payment bundle;
- Complete the Appstablishment Software Group Pty Ltd merger and align the company's intellectual property portfolio;
- Post-merger, announce our overall product strategy;
- Continue growth in our recurring income streams; and
- Further diversification of our customer types and income base.

Matters subsequent to reporting period

On 31 January 2020 Cirralto issued 79,830,967 shares at $0.0056 per share on conversion of loans and accrued interest.

On the 26 February the company announced that its intended merger partner, Appstablishment, has released the Spenda App Platform in both the Apple App Store and the Xero App Marketplace. Customer beta testing is complete and the Spenda platform is ready for commercial release.
This release will allow the company to market the Spenda platform to a much broader audience via the App Marketplaces and allow the marketing team to adopt a customer sales "freemium" model of try, with a transition to buy, and upgrade subscription to unlock additional features.

No other significant events have occurred since the end of the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act* 2001 is set out on page 9.

Signed in accordance with a resolution of the directors.



Adrian Floate
Managing Director
Date: 29 February 2020

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Cirralto Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2019 there have been:

(i) no contraventions of the auditor's 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.



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth

29 February 2020

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	31 Dec 2019 $	31 Dec 2018 $
Revenue		269,855	251,327
Cost of services rendered		(184,108)	(260,079)
Other income		181	5,541
Employee expenses		(766,630)	(797,508)
Depreciation and amortisation		(362,320)	(117,057)
Consulting fees		(184,947)	(112,870)
Legal and other professional fees		(62,546)	(33,973)
Regulatory and listing costs		(19,290)	(29,424)
Occupancy expenses		(45,701)	(118,323)
Advertising and marketing		(38,423)	(51,844)
Software costs		(14,596)	(48,604)
Other expenses		(261,286)	(177,629)
Finance costs		(69,887)	(3,666)
Impairment expense	4	-	(581,501)
Share based payments expense		(89,137)	(118,312)
Loss before Income Tax	3	**(1,828,835)**	**(2,193,922)**
Income tax expense		-	-
Loss after income tax expense		(1,828,835)	(2,193,922)
Loss for the period after income tax attributable to owners of Cirralto Ltd		**(1,828,835)**	**(2,193,922)**
Other comprehensive loss for the half-year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF CIRRALTO LTD		**(1,828,835)**	**(2,193,922)**
Loss per share for the half-year attributable to the members of Cirralto Ltd			
- Basic (loss) per share (cents per share)		(0.2747)	(0.5855)
- Diluted (loss) per share (cents per share)		(0.2747)	(0.5855)

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 31 DECEMBER 2019

	Notes	31 Dec 2019 $	30 Jun 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		599,714	100,942
Trade and other receivables		235,495	328,312
Other current assets		336,842	131,864
Total current assets		**1,172,051**	**561,118**
Non-current assets			
Property, plant & equipment		9,582	4,402
Right-of-use asset	5	59,109	-
Intangible assets	4	3,398,617	3,099,280
Total non-current assets		**3,467,308**	**3,103,682**
TOTAL ASSETS		**4,639,359**	**3,664,800**
LIABILITIES			
Current liabilities			
Trade and other payables		1,049,301	554,260
Lease liability	6	61,302	-
Provisions		38,560	22,926
Borrowings		1,627,744	-
Total current liabilities		**2,776,907**	**577,186**
TOTAL LIABILITIES		**2,776,907**	**577,186**
NET ASSETS		**1,862,452**	**3,087,614**
EQUITY			
Contributed equity	8	60,661,342	60,195,983
Option reserve	12	2,111,905	2,185,687
Accumulated losses		(60,910,795)	(59,294,056)
TOTAL EQUITY		**1,862,452**	**3,087,614**

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Contributed Capital	Accumulated Losses	Option Reserve	Total Equity
At 1 July 2019	**60,195,983**	**(59,294,056)**	**2,185,687**	**3,087,614**
Loss for the period	-	(1,828,835)	**-**	(1,828,835)
Total comprehensive loss for the period	-	(1,828,835)	-	(1,828,835)
Transactions with owners in their capacity as owners:				
Issue of share capital	582,900	-	-	582,900
Fully vested unexercised options	-	212,096	(212,096)	-
Transaction costs related to share issue	(117,541)	-	49,177	(68,364))
Options issued	-	-	89,137	89,137
Balance as at 31 December 2019	**60,661,342**	**(60,910,795)**	**2,111,905**	**1,862,452**
At 1 July 2018	**56,238,006**	**(53,257,042)**	**1,503,847**	**4,484,811**
Loss for the period	-	(2,193,922)	**-**	**(2,193,922)**
Total comprehensive loss for the period	-	(2,193,922)	-	(2,193,922)
Transactions with owners in their capacity as owners:				
Issue of share capital	1,680,399	-	-	1,680,399
Transaction costs related to share issue	(108,156)	-	-	(108,156)
Options issued	-	-	118,312	118,312
Balance as at 31 December 2018	**57,810,249**	**(55,450,964)**	**1,622,159**	**3,981,444**

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 Dec 2019 $	31 Dec 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	357,548	450,921
Payments to suppliers and employees	(1,223,617)	(2,512,422)
Interest received	181	987
Bank charges and interest paid	(17,737)	(3,666)
Net cash used in operating activities	(883,625)	(2,064,180)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(6,106)	(5,834)
Payment for intangibles	(616,400)	-
Loans advanced	(94,682)	-
Net cash used in investing activities	(717,188)	(5,834)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	514,536	1,522,243
Proceeds from issue of convertible notes	769,988	-
Payment of borrowings	(141,443)	-
Proceeds from borrowings	956,504	-
Net cash provided by financing activities	2,099,585	1,522,243
Net increase /(decrease) in cash held	498,772	(547,771)
Cash and cash equivalents at beginning of period	100,942	569,399
Cash and cash equivalents at end of period	**599,714**	**21,628**

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

Notes to the Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

The financial report of Cirralto Limited (the Company) and its controlled entities (the Group) for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 29 February 2020.

Cirralto Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the consolidated entity are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose financial report for the half-year ended 31 December 2019 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by Cirralto Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Accounting policies

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2019 financial report except for the adoption of new and revised Accounting Standards.

New, revised or amending Accounting Standards adopted

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which reclassification and adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on retained earnings and comparatives have not been restated.

The Group leases various premises, plant and equipment. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to the Statement of Profit or Loss and Other Comprehensive Income over the lease period. This approach is utilised so as to produce a consistent period of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. As this rate is not readily determinable, the Group has used its incremental borrowing rate.

An extension option is included in one of the property leases. In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option. In the Group's recognition of the lease, the option to extend has not been taken into account as it is reasonably certain as at 31 December 2019 that this option will not be exercised.

AASB 16 Leases (continued)

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased assets, whichever is shorter). Depreciation starts on the commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 July 2019. The lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 15%.

On initial application right-of-use assets were measured at the amount equal to the lease liability and recognised in the Statement of Financial Position as at 1 July 2019.

In the Statement of Cashflows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $59,109 and lease liabilities at the reporting date of $61,302 in respect to all operating leases, other than short-term leases and leases of low value assets.

The net impact on retained earnings on 1 July 2019 was $nil.

New Accounting Standards for Application in Future Periods

The consolidated entity has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(c) Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities, the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The Group has reported a net loss for the period of $1,828,835 (2018: $2,193,922) and a cash outflow from operating activities of $883,625 (2018: $2,064,180) and a working capital deficit as at 31 December 2019 of $1,604,856 (2018: $16,068).

The directors are confident that the Group, subject to achieving forecast cashflows and/ or securing alternative revenue sources or capital funding, will be able to continue its operations as a going concern.

If the Group is unable to achieve forecast cashflows and/or secure alternate revenue sources or capital funding, the net loss for the year, the cash outflow from operating activities and working capital deficit indicate the existence of material uncertainty, which may cast significant doubt about the Group's ability to continue as going concern, and the Group will be required to reduce operating costs and restructure its assets in order to continue as a going concern.

The financial report does not include any adjustments to the amounts or classification of recorded assets or liabilities that might be necessary if the group does not continue as a going concern.

(d) Fair value of financial instruments

The consolidated entity has a number of financial instruments which are not measured at fair value in the statement of Financial Position. The carrying amount of the other current receivables and current payables approximates their fair value.

Notes to the Consolidated Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT…)

3. LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	Consolidated Group	
	Half-year Ended 31 Dec 2019	Half-year Ended 31 Dec 2018
	$	$
Interest income	181	987
Total other income	**181**	**987**
Amortisation of intangible assets	226,326	107,323
Depreciation of plant and equipment	135,994	9,734
Total depreciation, amortisation and impairment	**362,320**	**117,057**
Bank fees	1,214	-
Other interest expense	68,673	3,666
Total finance costs	**69,887**	**3,666**

4. INTANGIBLE ASSETS

	31 Dec 2019	30 Jun 2019
	$	$
Software development - at cost	3,033,345	2,507,682
Less: Accumulated amortisation	(573,836)	(347,510)
Less: Provision for impairment	(1,711,787)	(1,711,787)
	747,722	448,385
Goodwill on acquisition of CBS - at cost	3,476,706	3,476,706
Less: Provision for impairment	(825,811)	(825,811)
	2,650,895	2,650,895
Total intangibles	**3,398,617**	**3,099,280**

Impairment of goodwill and Intangible assets

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment. This requires an estimation of the recoverable amount of the cash-generating units (CGU) to which the goodwill and intangible assets are allocated. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

In performing the value-in-use calculations, the Group has applied the following key assumptions:

- Revenue forecasts for a four-year forecast period based on detailed FY20 budget and FY21-FY23 projections;
- A growth rate to extrapolate cashflows beyond the three-year period of 2%; and
- A discount rate applied to forecast cash flows of 17.8%.

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT…)

5. RIGHT-OF-USE ASSETS

Reconciliation

	Premises $
Recognised on 1 July 2019 on adoption of AASB 16	103,441
Less: Depreciation expense	(44,332)
Closing balance as at 31 December 2019	**59,109**

6. LEASE LIABILITY

Reconciliation

	Premises $
Recognised on 1 July 2019 on adoption of AASB 16	103,441
Add: Interest expense	5,861
Less: Principal payments	(48,000)
Closing balance as at 31 December 2019	**61,302**

AASB 16 has been adopted during the period, refer to note 2 for details.

Lease payments not recognised as a liability

Lease payments expensed during the period and thus not included in the measurement of the lease liability are as follows:

	31 December 2019 $
Short term leases	24,735
Leases of low value assets	4,106
Lease payments not recognised as lease liability	**28,841**

7. SEGMENT INFORMATION

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 Maker ('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.

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT…)

8. CONTRIBUTED EQUITY

	Six months to 31 Dec 2019	
Ordinary Shares	**No. of shares**	**$**
Opening balance	**660,257,705**	**60,195,983**
Issues of ordinary shares during the half-year:		
Rights issue and share placements	83,271,427	582,900
Transaction costs related to share issue	-	(117,541)
Total	**83,271,427**	**465,359**
Total Contributed Equity	**743,529,132**	**60,661,342**

9. RELATED PARTIES

The following entities have been determined to be related party entities:

Entity	Director/Key Management Personnel
CU2 Global Pty Ltd	CU2 Global Pty Ltd ("CU2G") is a related party entity. It is an associate of Cirralto Limited. Mr Stephen Dale is a director of both Cirralto Limited and CU2G.
Raptor Global Corporation Ltd	Raptor Global Corporation Ltd ("Raptor") is a related party entity. Mr Marcus L'Estrange and Mr Shaun Melville are both directors of Cirralto Limited and Raptor.
Appstablishment Pty Ltd	Appstablishment Pty Ltd ("Appstablishment") is a related party entity. Mr Adrian Floate is a shareholder through his interests in Appstablishment Software Group.
Appstablishment Software Group Pty Ltd	Appstablishment Software Group Pty Ltd ("ASG") is a related party entity. Mr Adrian Floate is a shareholder through his interests in Rare Air Nominees Pty Ltd.
Floating Assets Trust	Floating Assets Trust is a related party entity in which Mr Adrian Floate has a beneficial interest.
Rare Air Nominees Pty Ltd	Rare Air Nominees Pty Ltd ("Rare Air") is a related party entity. Mr Adrian Floate is a director of both Cirralto Limited and Rare Air.

Shares Issued to Related Entities

There were no shares issued to related entities during the half-year end period.

During the period 4,500,000 options exercisable at 2.5c with an expiry at 19 December 2022 were granted during the period.

Transactions with related parties

During the half-year period, services have been provided to directors' related entities as follows:

Director	Entity	Nature	Half Year Ended 31 Dec 2019 $	Half Year Ended 31 Dec 2018 $
Adrian Floate	Appstablishment Pty Ltd	IT services	594,000	1,017,795

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONT…)

9. RELATED PARTIES (CONT)

Sales to and purchases from related parties are made on an arm's length basis at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

12. Option Reserve

	31 Dec 2019		30 Jun 2019	
	No.	**$ AUD**	**No.**	**$ AUD**
Opening Balance	91,796,713	2,185,687	54,796,713	1,503,847
Unlisted options granted during the half-year	14,900,000	65,393	37,000,000	116,000
Options expired during the half-year	(4,696,713)	(212,096)	-	-
Vesting of options previously issued	-	72,921	-	565,840
Total Reserves	**102,000,000**	**2,111,905**	**91,796,713**	**2,185,687**

13. DIVIDENDS

No dividends have been paid, declared or proposed for the half-year period.

14. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019.

15. SIGNIFICANT EVENTS AFTER REPORTING DATE

On 31 January 2020 Cirralto issued 79,830,967 shares at $0.0056 per share on conversion of loans and accrued interest.

On the 26 February the company announced that its intended merger partner, Appstablishment, has released the Spenda App Platform in both the Apple App Store and the Xero App Marketplace. Customer beta testing is complete and the Spenda platform is ready for commercial release.

This release will allow the company to market the Spenda platform to a much broader audience via the App Marketplaces and allow the marketing team to adopt a customer sales "freemium" model of try, with a transition to buy, and upgrade subscription to unlock additional features.

No other significant events have occurred since the end of the reporting period.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Cirralto Limited made pursuant section 303(5)(a) of the Corporations Act 2001, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and the performance for the half-year ended on that date of the consolidated entity;

(ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) Subject to the commentary in note 2 (c) of the financial statements, 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



Adrian Floate
Managing Director

Date: 29 February 2020

Independent Auditor's Review Report to the members of Cirralto Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Cirralto Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of accounting policies, other explanatory notes, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Cirralto Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the period ended on that date; and

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our review conclusion, we draw attention to Note 2(c) of the interim financial report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned operating costs. These conditions, along with other matters as set forth in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 31 December 2019 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Nexia Perth
Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street
Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463
f +61 8 9463 2499
e audit@nexiaperth.com.au
w nexia.com.au

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth
29 February 2020