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G L O B A L

R3D GLOBAL LIMITED

ABN 53 111 398 040

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

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DIRECTORS' REPORT

Your directors submit the financial report of R3D Global Ltd for the half-year ended 31 December 2018.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

CURRENT DIRECTORS

Mr Daniel Yeo Chin Tuan (Non-Executive Director, Chair of the Remuneration and Nomination Committee) appointed 28 March 2017. Appointed Chairman 31 August 2017

Ms Florence Fang (Executive Director) appointed 31 August 2017

Mr Michael Thirnbeck (Non-Executive Director, member of the Audit Committee) appointed 23 December 2013

Dr Tiffany Tsao (Non-Executive Director, member of the Remuneration and Nomination Committee) appointed 28 March 2017

Mr Muljadi Irawan (Non-Executive Director, member of the Remuneration and Nomination Committee) appointed 9 July 2018

Mr Yuen Loke Chin (Non-Executive Director, member of the Remuneration and Nomination Committee) appointed 22 March 2013; resigned 9 July 2018

Mr Kasudjono Harianto (Non-Executive Director, Chair of the Audit Committee) appointed 22 March 2013; resigned 26 October 2018

Company Secretary

Mr Henry Kinstlinger appointed 20 October 2016

REVIEW OF OPERATIONS

The Company's net loss from continuing operations was \$225,113 (2018: \$227,899)

During the half-year to 31 December 2018, the Company:

- Announced that Mr Muljadi Irawan has been appointed as a director of the Company effective 9 July 2018.
- Announced that Mr Yuen Loke Chin has resigned as a director of the Company effective 9 July 2018.
- Announced that Mr Kasudjono Harianto has resigned as director of the Company effective 26 October 2018.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 20 February 2019, the Company announced a plan for capital fundraising through debt with convertible notes to raise \$300,000 before costs. There are no other significant events after the balance date.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2018 is set out on page 4.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s. 306(3) of the *Corporations Act 2001*.



Florence Fang
CEO
28 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of R3D Global Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.



Andrew J Newhouse
Registered Company Auditor
28 February 2019

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R3D GLOBAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year 31 Dec 2018	Half-year 31 Dec 2017
		\$	\$
Revenue			
Business income		45,651	60,919
Other income		1,209	3,129
Expense			
Professional fees		(89,082)	(73,116)
ASX listing fees		(15,382)	(15,070)
Employment expenses		(80,333)	(70,354)
Other expenses		(87,176)	(133,407)
Loss before income tax	2	(225,113)	(227,899)
Income tax expense		-	-
Loss for the period		(225,113)	(227,899)
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss for the period		(225,113)	(227,899)
Loss attributable to:			
- owners of the parent		(225,113)	(227,899)
Total comprehensive loss attributable to:			
- owners of the parent		(225,113)	(227,899)
Loss per share			
From continuing operations:		Cents	Cents
Basic loss per share (cents per share)		(0.55)	(0.55)
Diluted loss per share (cents per share)		(0.55)	(0.55)

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

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 Dec 2018	30 Jun 2018
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		289,962	646,881
Trade and other receivables		50,840	17,640
Prepayments		10,323	10,323
TOTAL CURRENT ASSETS		351,125	674,844
NON-CURRENT ASSETS			
Property, plant & equipment		1,784	3,788
Investments		13,828	17,178
Intangible assets		6,296	6,296
TOTAL NON-CURRENT ASSETS		21,908	27,262
TOTAL ASSETS		373,033	702,106
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		143,523	250,032
Provisions		13,601	11,051
TOTAL CURRENT LIABILITIES		157,124	261,083
TOTAL LIABILITIES		157,124	261,083
NET ASSETS		215,909	441,023
EQUITY			
Issued capital		61,770,159	61,770,159
Accumulated losses		(61,554,250)	(61,329,136)
TOTAL EQUITY		215,909	441,023

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

R3D GLOBAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2017	61,770,159	(60,711,880)	1,058,279
Total Comprehensive Income	-	(227,899)	(227,899)
Balance at 31 December 2017	61,770,159	(60,939,779)	830,380
Balance at 1 July 2018	61,770,159	(61,329,136)	441,023
Total Comprehensive Income	-	(225,113)	(225,113)
Balance at 31 December 2018	61,770,159	(61,554,250)	215,909

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

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STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year 31 Dec 2018	Half-year 31 Dec 2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,020	58,103
Payments to suppliers and employees	(372,148)	(232,618)
Interest received	1,209	2,701
Net cash used in operating activities	(356,919)	(171,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for office equipment	-	(771)
Net cash used in investing activities	-	(771)
Net decrease in cash and cash equivalents held	(356,919)	(172,585)
Cash and cash equivalents at beginning of period	646,881	1,057,920
Cash and cash equivalents at end of period	289,962	885,335

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of R3D Global Limited ("the Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of directors on 28 February 2019.

R3D Global Limited is a company limited by shares, incorporated in Australia, whose shares are listed on the Australian Securities Exchange ("ASX").

The principal activity of the Company during the half-year was the provision of investor relations, financial media and research for small-mid cap stocks.

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standard AASB: 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 134 Interim Financial Reporting.

The half-year financial report should be read in conjunction with the annual financial report of the Company for the year ended 30 June 2018, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the financial statements for the year ended 30 June 2018, except for those as describe in Note 1(c) below.

(b) Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

As at 31 December 2018, the Company had net assets of \$215,909 and, net current assets of \$194,001 and in the half-year then ended incurred a loss of \$225,113 and net operating cash outflows of \$356,919. These conditions give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon the Company earning sufficient revenue and reducing its costs, and/or raising further debt or equity finance.

Given the funds available at 31 December 2018, and the capital fundraising planned post year end, the Directors are of the opinion that the Company has sufficient cash to be able to continue as a going concern.

The directors are satisfied that the going concern basis is appropriate in the preparation of the financial report.

(c) New accounting standards and interpretations

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the Company has changed its accounting policies and made retrospective adjustments as a result of adopting the following standards:

- AASB 9: *Financial Instruments*, and
- AASB 15: *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the respective accounting policies are disclosed in Note 4.

(d) Impact of standards issued but not yet applied by the company

- AASB 16: *Leases*

AASB 16: *Leases* (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: *Leases* and the related Interpretations and this Standard is mandatory for reporting periods beginning on or after 1 January 2019. The Company does not intend to adopt the Standard before its effective date.

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It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets. i.e. around \$10,000).
- depreciation of right-of-use assets in line with AASB 116: *Property Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components.
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date.
- lease payment are allocated in the statement of cash flows to financial cash flows for the interest component and operating cash flows for the depreciable component.

AASB 16 will affect primarily the accounting for the Company's operating leases. The Company is currently assessing to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit, financial position and classification of cash flows.

Note 2: OPERATING SEGMENTS

The Company operates in one segment, being a provider of investor relations, financial media and research for small-mid cap stocks.

Note 3: EVENTS AFTER BALANCE DATE

On 20 February 2019, the Company announced a plan for capital fundraising through debt with convertible notes to raise \$300,000 before costs. There are no other significant events after the balance date or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Note 4: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers on the Company's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

The changes in the entity's accounting policies had no impact on amounts reported in the current and prior periods.

AASB 9: Financial Instruments – Accounting Policies

Financial Instruments

- **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. There is no change to the policy for the Company's Investments.

Trade receivables are initially measured at the transaction price.

Subsequent measurement

- **Financial liabilities**

The Company's only financial liabilities are trade and other payables.

There are recognised at the amounts payable. There is no change in policy.

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- **Financial assets**

The Company's only financial assets are investments and trade receivables, which are measured at the amount expected to be received.

Impairment & Trade Receivables

The Company recognises a loss allowance for expected credit losses on trade receivables.

Expected credit losses are the probability-weighted estimates of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the general approach to impairment, as applicable under AASB 9: Financial Instruments:

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

This change in policy has had no impact on the provision for impairment of trade receivables during the half-year.

AASB15: Revenue from contracts with Customers – Accounting policies

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration was deferred, it was treated as the provision of financing and was discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received was interest revenue.

Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

In the current period

Revenue generated by the group is categorised into the following single segment:

- Service Income

Service income is recognised when the service has been completed and the customer has control over time. Revenue for service income is based on either a contract or a quote for service. Revenue is only recognised to the extent that there is a high probability that a significant reversal of income will not occur.

A receivable will be recognised when the services are provided and the Company's right to consideration is deemed to be unconditional at this time as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 14 to 30 days.

Note 5: INTANGIBLES

	31 Dec 2018	30 June 2018
	\$	\$
R3D Platform Intellectual Property	6,296	6,296
Total intangible assets	<u>6,296</u>	<u>6,296</u>

During the year ended 30 June 2018, the Company contracted with a software and application developer to build a software platform, known as the R3D Platform. The R3D Platform is a new integrated media platform for direct digital marketing analysis and email campaigning. The R3D Platform is expected to be operational by June 2019.

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Note 6: ISSUED CAPITAL

	31 Dec 2018	30 June 2018
	\$	\$
Fully paid ordinary shares issued	61,770,159	61,770,159
	No.	No.
Number of issued shares	41,147,058	41,147,058

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares participate in the winding up of the company in proportion to the number of securities held.

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DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standards (Including AASB 134 *Interim Financial Reporting*) and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Florence Fang
CEO
28 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of R3D Global Limited

Report on the Half-Year Financial Report

I have reviewed the accompanying half-year financial report of R3D Global Limited ("the company"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my 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, I have become aware of any matter that makes me 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 company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*.

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INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of R3D Global Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2018 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*.

Material Uncertainty Related to Going Concern

I draw attention to Note 1(b) to the financial report, which indicates that the Company incurred a net loss of \$225,113 and had net operating cash outflows of \$356,919 during the half-year ended 31 December 2018 and, as of that date, the Company's net assets were \$194,001. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.



Andrew J Newhouse

Registered Company Auditor

28 February 2019

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