RIGHTCROWD

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INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2019

APPENDIX 4D HALF-YEAR REPORT

1. Company details

Name of entity:	RightCrowd Limited and its controlled entities
ABN:	20 108 411 427
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

				$
Revenues from continuing operations	increased	**36.2%**	to	5,967,399
Net loss from continuing operations after tax attributable to the owners of RightCrowd Limited	increased	**47.4%**	to	(4,595,069)

The increase in revenue over the reporting period was driven by strong software sales and consulting services for the RightCrowd access control solutions, particularly in the North American market. The net loss widened in the reporting period reflecting an increase in the overall cost base due to investments made by RightCrowd via the acquisitions of Ticto and Offsite Vision in FY19. These acquired entities remain at an early phase of the commercialisation process with revenue growth expected in future reporting periods.

3. Net tangible assets

	31-Dec-19	30-Jun-19
Net tangible assets per ordinary security (cents)	-0.05	2.84

Net tangible assets reduced due to an increase in the weighted average number of securities during the reporting period following share issuance with the acquisitions of Ticto and Offsite Vision in FY19.

Net tangible assets exclude right-of-use assets which have been added to the balance sheet with the introduction of AASB 16 – leases. When including right-of-use assets, the net tangible assets per ordinary security increases to 0.70 cents per ordinary security.

4. Entities over which control has been gained or lost during the period

There was no gain or loss of control of any entities during the period.

5. Dividends

No dividends have been paid or declared in the current reporting period or since the end of the reporting period.

6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Signed

Signed _____ Date: 28 February 2020

Peter Hill
CEO

CONTENTS

This interim financial report does not include all the notes of the type normally included in annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by RightCrowd Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

RightCrowd Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Suite 501, Level 5, 203 Robina Town Centre Drive, Robina, Queensland. Its shares are listed on the Australian Stock Exchange.

Releases, financial reports and other information are available on our website: www.rightcrowd.com

DIRECTORS' REPORT

The Directors of RightCrowd Limited present their report together with the financial statements of the consolidated entity, being RightCrowd Limited ('the Company') and its controlled entities ('Consolidated Group') for the half-year ended 31 December 2019.

Directors details

The names of directors in office during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robert Baker	Non-executive Chairman
Peter Hill	Managing Director & Chief Executive Officer

Craig Davies was appointed as a Non-Executive Director on the Board on 20th of August 2019 and continues in office at the date of this report. Scott Goninan was a Non-Executive Director from the beginning of the financial year until his resignation on 20th August 2019.

Principal Activities

RightCrowd is a leading developer of physical security, safety and compliance software. Since 2004, the Group has invested in research and development to provide innovative solutions which improve security, safety and compliance for organisational workforces, including employees, contractors and visitors to sites.

Review of Operations

Following the FY19 acquisitions, the Group has organised itself around two distinct commercial business units:

- **RightCrowd Core:** the original and fast-growing software and services business unit around the Company's advanced access control management platform.

- **RightCrowd New Products:** this includes early-stage innovations relating to cyber-security related product RightCrowd IQ, and the Presence Control & Evacuation Management line of products originating from the Belgium based Ticto NV and New Jersey based Offsite Vision acquisitions made in FY2019.

The commercial business units are supported by a Corporate Services unit and a long established and strong product Engineering unit. Each of these business units are led by a highly qualified and experienced General Managers.

To support the new structure, the Company hired James Stewart as COO / CFO at the beginning of the half-year. James brings more than 20 years of relevant experience to his role at RightCrowd, having previously held senior management positions within large banks and enterprise software companies across Europe, Asia and Australia. He has an in-depth understanding of the international software market courtesy of his recent role as Managing Director of the Wolters Kluwer Regulatory, Risk, and Finance software business in Asia.

Revenue for the half year is $5,967,399 (FY2019 H1: $4,382,472). The Company saw an overall increase in revenue from software and services of 36.2% from the comparable period last year. The revenue growth was split between perpetual license (growth of 91%), recurring subscription and software maintenance (growth of 40%), and consulting services (growth of 22%).

The RightCrowd Core business unit has been the primary driver of the strong revenue result through new license and consulting services revenue in its main segments of large tech, banking and energy/resources companies. During this reporting period, RightCrowd saw strong growth in revenue and pipeline opportunities in North America. On another positive note, the newly established European operations for the RightCrowd Core business unit contributed approximately $875,000 of sales revenue during the reporting period following its establishment in FY2019. RightCrowd generated 88% of its total sales revenue from outside of Australia during the reporting period. The strength of the Company's software platform as well as the experience of its dedicated staff is creating a globally unique advantage in winning new business opportunities.

The New Products business unit added revenue of approximately $173,000 with the first major deployment of RightCrowd's Presence Control product completed in Europe, as well as on-going recurring revenue from existing clients using RightCrowd's IQ and Evacuation Management products. Commercialisation efforts continue in this business with new business development hires being made and pipeline growth beginning to accelerate.

The overall loss after income tax expense for the half-year is $4,595,069 (FY2019 H1: $3,116,739). The main factor resulting in the increased loss was the growth in employee related costs which was the major contributor to overall costs being $10,805,782 (FY2019 H1: $7,756,902). The increase in overall costs was driven by the FY19 business acquisitions of Ticto and Offsite Vision entities which added total costs of $1,969,395 during the current reporting period. The RightCrowd Core business unit has largely maintained its cost base relative to the prior period with some additional costs added due to mobilisation of the European operations and commercialisation activities.

Business Outlook

As communicated at the recent AGM in November 2019, RightCrowd maintains overall FY20 sales revenue guidance of greater than $13.0m representing a 40%+ year-on-year growth rate.

Growth will continue to be driven by the RightCrowd Core business unit with this business unit targeting to be cash-flow break-even on a fully allocated cost basis by the end of FY20. The RightCrowd New Products unit is projected to accelerate its growth in the second half of FY20 on the back of successful client deployments and growing pipelines. Costs across all business units will continue to be managed at current levels for the remainder of FY20, and the growth in revenue coupled with the receipt of the R&D rebate will ensure that the FY20 net loss remains broadly in line with the FY19 net loss of $6,170,821.

The Company has continued with its plan to commercialise the RightCrowd software solutions and the Board considers that the team is progressing well against this plan. The result for this half year is at the level that would be expected at this point in the business cycle for the respective business units. The Company is now at a stage where successful client delivery will allow the company to leverage its partner channels more effectively in order to scale commercial activities. Specifically, the Core businesses already has longstanding relationships with the major Physical Access Control System (PACS) vendors and a successful track record of integration with their software platforms which puts RightCrowd in a strong position to leverage the size and reach of these global organizations.

Cash holdings as at 31 Dec 19 are $3.82m with a further $2.45m due from accounts receivable. The business anticipates that the projected balance of cash and cash equivalents, including inflows from signed purchase orders and qualified sales pipeline, remains sufficient to sustain operations through to at least the end of FY20.

Significant Changes in the State of Affairs

The following share issues occurred during the period:

Date	Number of Shares	Purpose	Consideration
13 December 2019	1,388,889	Completion of First Milestone Closing for Offsite Vision Holdings, Inc (as announced to the ASX on 29-October 2018)	Nil consideration

There have been no other significant changes during the financial year that could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

Events Arising Since the End of the Reporting Period

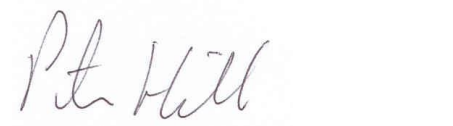
There are no other significant matters or circumstances that have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity, in future periods.

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 8.

This report is made in accordance with a resolution of directors.

On behalf of the directors:



Peter Hill

Director

Dated this 28th day of February 2020

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY C K HENRY TO THE DIRECTORS OF RIGHTCROWD LIMITED

As lead auditor for the review of RightCrowd Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RightCrowd Limited and the entities it controlled during the period.

C K Henry
Director

BDO Audit Pty Ltd

Brisbane, 28 February 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		Group	
	Note	**31-Dec-19**	**31-Dec-18**
		$	**$**
Continuing operations			
Revenue	2	5,967,399	4,382,472
Other income	2	274,365	289,276
Changes in inventories		(80,541)	-
Employee benefits expense	3	(7,939,978)	(6,337,429)
Depreciation and amortisation expense	3	(515,228)	(46,021)
Finance Costs	3	(30,402)	(6,203)
Other expenses	3	(2,239,633)	(1,367,249)
Loss before income tax		**(4,564,018)**	**(3,085,154)**
Income tax expense		(31,051)	(31,585)
Net loss from continuing operations		**(4,595,069)**	**(3,116,739)**
Net loss for the half-year		**(4,595,069)**	**(3,116,739)**
Other comprehensive income			
Foreign currency translation differences		(50,004)	53,423
Other comprehensive income / (loss) for the year, net of tax		**(50,004)**	**53,423**
Total comprehensive loss for the year		**(4,645,073)**	**(3,063,316)**

Earnings per share attributable to the ordinary equity holders		**31-Dec-19**	**31-Dec-18**
Basic earnings per share (cents)	4	(2.32)	(2.28)
Diluted earnings per share (cents)	4	(2.32)	(2.28)

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

	Note	Group 31-Dec-19 $	Group 30-Jun-19 $
Assets			
Current Assets			
Cash and cash equivalents		3,819,107	4,972,136
Trade and other receivables	5	2,448,782	4,370,775
Inventories		121,324	202,891
Other current assets		421,329	395,287
Total Current Assets		**6,810,542**	**9,941,089**
Non-current Assets			
Property, plant & equipment		334,817	284,004
Right-of-Use assets	6	1,484,101	-
Intangible assets		2,103,952	2,244,861
Goodwill		13,569,598	13,569,598
Total Non-Current Assets		**17,492,468**	**16,098,463**
Total Assets		**24,303,010**	**26,039,552**
Liabilities			
Current Liabilities			
Trade and other payables		(814,960)	(707,652)
Borrowings current		(66,635)	(87,153)
Other financial liabilities		(3,355,739)	(2,485,776)
Lease liabilities	6	(512,814)	-
Current tax liabilities		(175,622)	(30,849)
Provisions current		(1,172,920)	(1,065,713)
Total Current Liabilities		**(6,098,690)**	**(4,377,143)**
Non-Current Liabilities			
Other financial liabilities non current		-	(45,408)
Borrowings non-current		-	(27,624)
Lease liabilities non-current	6	(1,002,965)	-
Provisions non-current		(138,466)	(150,767)
Total Non-Current Liabilities		**(1,141,431)**	**(223,799)**
Total Liabilities		**(7,240,121)**	**(4,600,942)**
Net Assets		**17,062,889**	**21,438,610**
Equity			
Issued capital	7	39,690,895	39,650,533
Foreign currency translation differences		66,455	116,459
Reserves		662,255	666,497
Retained earnings		(23,356,716)	(18,994,879)
Total Equity		**17,062,889**	**21,438,610**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Group	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Equity
Balance at 1 July 2018	**19,468,728**	**(12,824,058)**	**66,721**	**179,077**	**6,890,468**
Comprehensive Income					
(Loss) for the half-year	-	(3,116,739)	-	-	(3,116,739)
Other comprehensive income for the year	-	-	53,423	-	53,423
Total comprehensive income for the year	**-**	**(3,116,739)**	**53,423**	**-**	**(3,063,316)**
Transactions with owners in their capacity as owners, and other transfers					
Movement in employee share options reserve	-	-	-	177,285	177,285
Shares issued during the year	5,634,014	-	-	-	5,634,014
Transaction costs	(210,274)	-	-	-	(210,274)
Total transactions with owners, in their capacity as owners, and other transfers	**5,423,740**	**-**	**-**	**177,285**	**5,601,025**
Balance at 31 December 2018	**24,892,468**	**(15,940,797)**	**120,144**	**356,362**	**9,428,177**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Consolidated Group	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Share Based Payment Reserve	Total Equity
Balance at 1 July 2019	**39,650,533**	**(18,994,879)**	**116,459**	**666,497**	**21,438,610**
Comprehensive Income					
(Loss) for the year	-	(4,595,069)	-	-	(4,595,069)
Other comprehensive income for the year	-	-	(50,004)	-	(50,004)
Total comprehensive income for the year	**-**	**(4,595,069)**	**(50,004)**	**-**	**(4,645,073)**
Transactions with owners in their capacity as owners, and other transfers					
Shares issued during the year	40,362	-	-	-	40,362
Option expense recognised in the year	-	-	-	228,990	228,990
Transfer of expired options	-	233,232	-	(233,232)	-
Total transactions with owners, in their capacity as owners, and other transfers	**40,362**	**233,232**	**-**	**(4,242)**	**269,352**
Balance at 31 December 2019	**39,690,895**	**(23,356,716)**	**66,455**	**662,255**	**17,062,889**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Group	
	31-Dec-19	**31-Dec-18**
	$	**$**
Cash flows from operating activities		
Receipts from clients	7,171,130	5,658,306
Payments to suppliers and employees	(9,799,236)	(7,779,142)
Dividends received	-	-
Interest received	9,299	28,860
Finance Costs	(30,402)	(6,203)
Income tax refunded (paid)	62,666	(12,566)
Grant Income Received	2,026,110	-
Net cash provided by operating activities	**(560,433)**	**(2,110,745)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,564	-
Purchase of subsiduaries (net of cash acquired)	-	3,516
Purchase of property, plant and equipment	(128,849)	(30,718)
Net cash used in investing activities	**(127,285)**	**(27,202)**
Cash flows from financing activities		
Proceeds from issue of shares	-	4,462,719
Share issue costs	-	(210,274)
Proceeds from borrowings	-	208,298
Repayment of borrowings	(25,295)	(158,442)
Payment of lease liabilities	(294,076)	-
Net cash used in financing activities	**(319,371)**	**4,302,301**
Net increase/(decrease) in cash held	(1,007,089)	2,164,354
Net foreign exchange differences	(145,940)	47,492
Cash and cash equivalents at beginning of financial year	4,972,136	6,609,297
Cash and cash equivalents at end of Reporting Period	**3,819,107**	**8,821,143**

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated interim financial statements as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the 'Group'). They have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

RightCrowd Limited is a Public Company, incorporated and domiciled in Australia.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by RightCrowd Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards effective as of 1 July 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of the interim financial report required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets and liabilities, income and expenses. The significant judgements made by management in applying Group accounting policies were same as those applied to the annual financial report for the year ended 30 June 2019. Judgements and estimates which are material to the interim financial report relate to:

Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Share based payments

The group uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees. The estimates include volatility, risk free rates and consideration of satisfaction of performance criteria for recipients of equity instruments. Options were issued as outlined above and the cost of these rights represents the valuation and the accounting impact of prior issuances and determinations remains unchanged.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss for the half year ended 31 December 2019 of $4,595,069 (FY2019 H1: $3,116,739) and net cash operating outflows of $560,433 (FY2019 H1: $2,110,745). As at 31 December 2019, the consolidated group's total assets exceeded total liabilities by $17,062,889 (30 June 2019: $21,438,610).

As such the Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful continued development and further commercialisation of the RightCrowd solution and, should the Board consider it necessary, subsequent successful raisings of funds.

The conditions give rise to material uncertainty which may cast significant doubt over the Groups ability to continue as a going concern.

The Directors believe that the going concern basis of preparation is appropriate due to the proven ability of the Group to raise necessary funding via issue of shares and also the increased revenues now being achieved through sales.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2019 except for the adoption of new and amended standards as set out below.

New and revised standards

New standards became applicable for the current reporting period and the group had to change its accounting policies as a result of adopting the following standard:

- AASB 16 Leases

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

AASB 16 Leases

This standard and its consequential amendments were applied from 1 July 2019, replacing the accounting requirements applicable to leases in AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for most leases, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

The Consolidated Entity transitioned to AASB 16 using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application, using the entity's incremental borrowing rate at the date of initial application. Comparative figures are not restated.

For leases previously classified as finance leases the entity recognised the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. There were no re-measurement adjustments for these leases immediately after the date of initial application.

Initial measurement of lease liabilities:

Operating lease commitments disclosed as at 30 June 2019	563,313
Additional future lease payments for expected extension options	-
	563,313
Discounted using the entity's incremental borrowing rate	(15,740)
Add: finance lease liabilities recognised as at 30 June 2019	-
Lease liability recognised as at 1 July 2019	547,573

Adjustments recognised in the balance sheet on 1 July 2019:

Right-of-use assets increased by	547,573
Lease liabilities increased by	547,573

There was no impact on accumulated losses upon adoption of AASB 16.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The use of hindsight in determining the lease term where the contract contains options to extend of terminate the lease;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2: REVENUE AND OTHER INCOME

	31-Dec-19 $	31-Dec-18 $
Sales revenue:		
Perpetual software and hardware sales	1,089,489	571,607
Point in time recognised revenue	**1,089,489**	**571,607**
Subscription software and support and maintenance sales	1,709,984	1,222,695
Consulting services	3,167,926	2,588,170
Over time recognised revenue	**4,877,910**	**3,810,865**
Total Sales Revenue	**5,967,399**	**4,382,472**
Other income:		
Interest received	9,299	28,778
Travel and accommodation recharge	42,574	53,872
Employee contributions	-	152
Foreign currency exchange	14,225	206,474
Profit of sale of assets	1,563	-
FV adjustment of contingent consideration	30,594	-
R&D refund	176,110	-
Total Other Revenue	**274,365**	**289,276**

Sales revenue grew at 36% compared to the prior period. Other revenue remained relatively stable with additional recognition due to an under-accrual of the R&D refund in the FY19 period being offset by a lower foreign currency gain in the current reporting period.

Sales revenue growth was led by an increase in perpetual license sales from North American clients (91% growth) and recurring revenue from an increased client base (40% growth). Consulting services revenue growth reduced (22%) reflecting the company's efforts to improve efficiency in delivering and implementing its software solutions.

NOTE 3: EXPENSES

	31-Dec-19 $	31-Dec-18 $
Employee benefits expense:		
Salaries, Wages & Bonuses	6,714,396	5,492,970
Defined contribution superannuation expense	335,829	292,612
Employment Share options expense	228,990	177,285
Other employment expenses	660,763	374,562
Total Employee benefits expense	**7,939,978**	**6,337,429**
Total Depreciation and Amoritisation expense	**515,228**	**46,021**
Finance costs	**30,402**	**6,203**
Other expenses:		
Rent expense	72,690	130,352
Travel & trade show expense	588,795	301,917
Professional and consulting expense	907,022	792,055
Other expenses	671,126	142,925
Total Other expenses	**2,239,633**	**1,367,249**

Expenses grew overall with the expansion of the business throughout the last 12 months including the acquisitions of Ticto and Offsite. The acquired entities added new products, staff and international offices to RightCrowd's operations which led to the increase in employment benefits expense, travel and other expenses.

The increase in depreciation and amortisation expense as well as finance costs was due to the introduction of AASB 16 whereby operating leases are now reported on balance sheet with a corresponding increase in depreciation and finance costs through the P&L as the lease term reduces over time.

Expenses continue to be closely managed and have been running at a stable monthly run-rate over the course of the half-year reporting period.

NOTE 4: EARNINGS PER SHARE

	31-Dec-19 $	31-Dec-18 $
a. Reconciliation of earnings to profit or loss:		
Loss (after tax)	(4,595,069)	(3,116,739)
b. Weighted average number of ordinary shares outstanding during the half-year used in calculating basic EPS	198,035,588	136,999,776

Options on issue during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the half year ended 31 December 2019 and 2018. These options could potentially dilute basic earnings per share in the future.

NOTE 5: TRADE AND OTHER RECEIVABLES

	31-Dec-19 $	30-Jun-19 $
CURRENT:		
Trade receivables	2,357,541	2,424,620
Provision for impairment	-	-
	2,357,541	2,424,620
Other receivables	91,241	96,155
R & D Claim receivable	-	1,850,000
Provision for impairment	-	-
	91,241	1,946,155
Total current trade and other receivables	**2,448,782**	**4,370,775**

Trade and other receivables are lower compared to 31 June 2019 primarily due to the accrual made for the receipt of the R&D claim. The claim was received in November 2019. Customer receivables outstanding were all current as at 31 December 2019.

NOTE 6: LEASES

	31-Dec-19 $	30-Jun-19 $
Right-of-Use assets:		
Leased buildings – right-of-use	1,484,101	-
Total Right-of-Use-assets	**1,484,101**	-
Lease Liabilities		
Leases for building premises	(512,814)	-
CURRENT	**(512,814)**	**-**
Leases for building premises	(1,002,965)	-
NON-CURRENT	**(1,002,965)**	**-**
Total Lease Liabilities	**(1,515,779)**	-

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide

range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension Options

Extension options are included in a number of building premises leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. When exercising lease extensions of building premises, the Group considers the following factors:

- any termination and make-good penalties;
- value of leasehold improvements;
- cost of disruption to the business to relocate; and
- availability and cost other suitable properties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

NOTE 7: ISSUED CAPITAL

	Consolidated Group	
	No.	**$**
Ordinary Shares		
Balance at 1 July 2019	197,898,224	39,650,533
Share movements during the half year:		
Share issue on 13 December 2019 - staff (1)	1,205,424	-
Share issue on 13 December 2019 - non staff (2)	183,465	40,362
Balance at 31 December 2019	**199,287,113**	**39,690,895**

(1) On 13 December 2019, the company issued 1,205,424 shares to staff members pursuant to a placement undertaken in respect of the Stock Exchange Agreement entered into between the Company and Offsite Vision Holdings Inc, and as announced to the ASX on 29 October 2018 for the purposes of completion of the First Milestone Closing.

(2) On 13 December 2019, the company issued 183,465 shares to non-staff members pursuant to a placement undertaken in respect of the Stock Exchange Agreement entered into between the Company and Offsite Vision Holdings Inc, and as announced to the ASX on 29 October 2018 for the purposes of completion of the First Milestone Closing.

NOTE 8: SHARE BASED PAYMENTS EXPENSE

The RightCrowd Limited Option Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. The performance standard for these options is that the option holder must remain employed by RightCrowd at the time the option vests. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

	No.	Weighted Average Exercise Price
Options outstanding as at 30 June 2019	**4,346,639**	**0.42**
Forfeited	(179,998)	0.47
Expired	(2,071,663)	0.44
Options outstanding as at 31 December 2019	**2,094,978**	**0.45**

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

Date options granted	Expiry Date	Exercise Price	No. of options
13-Sep-17	12-Dec-20	0.43	1,908,312
30-May-18	27-Aug-20	0.68	93,333
30-May-18	28-Aug-21	0.68	93,333

During the half-year reporting period the following options expired:

Date options granted	Vesting Date	Exercise Price	No. of options
13-Sep-17	12-Dec-18	0.43	1,964,995
30-May-18	30-May-19	0.60	106,668

NOTE 9: SEGMENT REPORTING

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company to date has operated predominantly in one segment, being the sale and service of the RightCrowd software solutions.

NOTE 10: EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

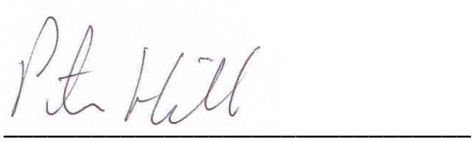
There are no other matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future periods.

DIRECTORS' DECLARATION

In the opinion of the Directors of RightCrowd Limited:

1. the consolidated financial statements and notes of RightCrowd Limited are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standard AASB 134 Interim Financial Reporting: and
    b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date; and
2. 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.



Peter Hill
Director

Dated this 28th day of February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RightCrowd Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RightCrowd Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

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

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

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to 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. Our conclusion is not modified in respect of this matter.

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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year 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 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 31 December 2019 and its financial 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 Group, ASRE 2410 requires that we 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 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.

BDO Audit Pty Ltd

C Henry
Director

Brisbane, 28 February 2020