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R3D GLOBAL LIMITED

ABN 53 111 398 040

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019**

R3D GLOBAL LIMITED

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DIRECTORS' REPORT

Your directors submit the consolidated financial report of R3D Global Ltd for the half-year ended 31 December 2019.

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

Ms Florence Fang - Resigned 10 December 2019

Mr Michael Thirnbeck

Dr Tiffany Tsao

Mr Muljadi Irawan

COMPANY SECRETARY

Mr Henry Kinstlinger - Appointed 20 October 2016

REVIEW OF OPERATIONS

The Group's net loss from continuing operations was \$193,742 (2018: \$225,113)

During the half-year to 31 December 2019, the Group:

- Set up a new subsidiary, R3D Singapore Pte Ltd on 25 July 2019. The Company owns 100%. The financial statements of R3D Singapore Pte Ltd is consolidated in the accounts of the Company.
- Ms Florance Fang has resigned as a director of the Company, effective 10 December 2019.
- Implemented one new Accounting Standard that have come into effect, which is included in the results.
 - AASB 16: Leases.
- There is a restatement of convertible note from liabilities to equity for the year ended 30 June 2019. Net assets has increased from \$27,427 to \$319,502 as at 30 June 2019.

SIGNIFICANT EVENTS AFTER REPORTING DATE

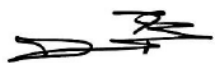
On 22 February, 2020, the Company issued 6,000,000 Fully Paid Ordinary Shares upon conversion of 2 Convertible Notes with face values of \$100,000 and \$200,000 respectively. Total consideration was \$300,000 or \$0.05 per Share.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independent declaration under section 307C of the Corporations Act 2001 for the year ended 31 December 2019 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



Daniel Yeo
Director
10 March 2020

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 2019, 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.

This declaration is in respect of R3D Global Limited and the entities it controlled during the period.



Andrew J Newhouse
Registered Company Auditor
10 March 2020

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R3D GLOBAL LIMITED

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

	Note	Consolidated Group	
		Half-year 31 Dec 2019	Half-year 31 Dec 2018
		\$	\$
Revenue			
Business income		154,738	45,651
Other income		188	1,209
Expense			
Professional fees		(87,695)	(89,082)
ASX listing fees		(15,694)	(15,382)
Employment expenses		(128,191)	(80,333)
Support Services Agreement		(38,808)	-
Other expenses		(78,280)	(87,176)
Loss before income tax	2	(193,742)	(225,113)
Income tax expense		-	-
Loss for the period		(193,742)	(225,113)
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss for the period		(193,742)	(225,113)
Loss attributable to:			
• owners of the parent		(193,742)	(225,113)
Total comprehensive loss attributable to:			
• owners of the parent		(193,742)	(225,113)
Loss per share			
From continuing operations:		Cents	Cents
Basic loss per share (cents per share)		(0.47)	(0.55)
Diluted loss per share (cents per share)		(0.41)	(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.

R3D GLOBAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	Consolidated Group	
		31 Dec 2019	30 Jun 2019*
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		294,497	448,287
Trade and other receivables		19,572	95,114
Prepayments		15,424	4,414
TOTAL CURRENT ASSETS		329,493	547,815
NON-CURRENT ASSETS			
Property, plant & equipment		7,090	3,275
Right-of-use asset		159,543	-
Investments		12,153	3,778
Intangible assets		6,296	6,296
Deposit paid		21,168	-
TOTAL NON-CURRENT ASSETS		206,250	13,349
TOTAL ASSETS		535,743	561,164
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		231,359	225,075
Provisions		8,662	8,662
Financial liability		8,208	7,925
Lease liability	6	78,743	-
TOTAL CURRENT LIABILITIES		326,972	241,662
Lease liability		83,011	-
TOTAL NON-CURRENT LIABILITIES	6	83,011	-
TOTAL LIABILITIES		409,983	241,662
NET ASSETS		125,760	319,502
EQUITY			
Issued capital		62,070,159	62,070,159
Accumulated losses		(61,936,577)	(61,742,835)
Reserves	7	(7,822)	(7,822)
TOTAL EQUITY		125,760	319,502

*Restated see note 9

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

R3D GLOBAL LIMITED

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

Consolidated Group	Issued capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
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
Balance at 1 July 2019	62,070,159	(7,822)	(61,742,835)	319,502
Total Comprehensive Income	-	-	(193,742)	(193,742)
Balance at 31 December 2019	62,070,159	(7,822)	(61,936,577)	125,760

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

R3D GLOBAL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Consolidated Group	
	Half-year 31 Dec 2019	Half-year 31 Dec 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	214,835	14,020
Payments to suppliers and employees	(349,152)	(372,148)
Interest received	188	1,209
Interest paid	(709)	
Net cash used in operating activities	(134,838)	(356,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for office equipment	(5,074)	-
Net cash used in investing activities	(5,074)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease	(13,878)	-
Net cash used in investing activities	(13,878)	-
Net decrease in cash and cash equivalents held	(153,790)	(356,919)
Cash and cash equivalents at beginning of period	448,287	646,881
Cash and cash equivalents at end of period	294,497	289,962

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

R3D GLOBAL LIMITED

NOTES TO THE CONSOLIDATED 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 Group") and its controlled entity, R3D Singapore Pte Ltd for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of directors on 10 March 2020.

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 2019 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 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 2019, 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 2019, except for those as describe in Note 1(c) below.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (R3D Global Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Going Concern

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

As at 31 December 2019, the Group had net assets of \$125,760 and, net current assets of \$2,521 and in the half-year then ended incurred a loss of \$193,742 and net operating cash outflows of \$134,838. These conditions give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon the Group earning sufficient revenue and reducing its costs. Given the funds available at 31 December 2019, and the approved budget for the 2020 year, the Directors are of the opinion that the Group 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 Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2.

Note 2: OPERATING SEGMENTS

The Group 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 22 February, 2020, the Company issued 6,000,000 Fully Paid Ordinary Shares upon conversion of 2 Convertible Notes with face values of \$100,000 and \$200,000 respectively. Total consideration was \$300,000 or \$0.05 per Share.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Note 4: CHANGES IN ACCOUNTING POLICIES

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in the Group's accounting policies, prior year financial statements have not been affected.

Leases

The Company as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group's weighted average incremental borrowing rate on inception of the lease liability was 5%.

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NOTE 5: RIGHT-OF-USE OF ASSET

(i) AASB 16 related amounts recognised in the balance sheet

	As at 31 December 2019
	\$
Right-of-use asset	
Leased office	166,480
Accumulated depreciation	(6,937)
	<u>159,543</u>

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	As at 31 December 2019
	\$
Depreciation charge related to right-of-use assets	6,937
Interest	657
	<u>7,594</u>

NOTE 6: LEASES

Current	78,743
Non-current	83,011
Lease liability	<u>161,754</u>

NOTE 7: FAIR VALUE

Valuation Techniques

In the absence of an active market for identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach converts estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transaction) reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTE 7: FAIR VALUE (CONTINUED)

Financial Instruments

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

	<u>31 December 2019</u>		<u>30 June 2019</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets mandatorily measured at fair value				
Through profit or loss:				
Held-for-trading Australian	11,725	11,725	3,350	3,350
OTC US shares	428	428	428	428

As the carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value, they have not been included in the above table.

	<u>Fair Value Measurements at 30 June 2019 Using:</u>		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs Other than Level 1 Inputs	Significant Observable Inputs
	\$	\$	\$
Description	(Level 1)	(Level 2)	(Level 3)
Recurring fair value measurements			
Financial assets mandatorily measured at fair value through profit and loss			
Held-for-trading Australian and OTC US shares			
Health sector	3,350	-	-
Marine Sector	-	428	-
	<u>3,350</u>	<u>428</u>	<u>-</u>

R3D GLOBAL LIMITED

NOTE 7: FAIR VALUE (CONTINUED)

Description	Fair Value Measurements at 31 December 2019 Using:		
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs Other than Level 1 Inputs	Significant Observable Inputs
	\$ (Level 1)	\$ (Level 2)	\$ (Level 3)
Recurring fair value measurements			
Financial assets mandatorily measured at fair value through profit and loss			
Held-for-trading Australian and OTC US shares			
Health sector	11,725	-	-
Marine Sector	-	428	-
	<u>11,725</u>	<u>428</u>	<u>-</u>

There were no transfers between level 1 and level 2 during the period.

NOTE 8: SUBSIDIARY

The Group incorporated a fully owned subsidiary, R3D Singapore Pte Ltd on 25 July 2019.

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NOTE 9: CORRECTION OF ERRORS

Convertible Notes

The Statement of Financial Position at 30 June 2019 included convertible notes issued for \$300,000 net of transaction costs, classified as debt based on the terms of the notes.

This instrument should have been classified as equity item for the year ended 30 June 2019 as the terms of the notes host a debt component, being the 3% fixed interest on the notes that the issuer cannot avoid paying and an equity component, arising from the conversion feature that gives rise to a right on the issuer to issue a fixed number of shares on conversion of the notes. The fair value of the financial liability was \$7,822 calculated based on a discount rate of 5% and yielding an effective interest rate of 4.4%.

On 22 February, 2020, the Company issued 6,000,000 Fully Paid Ordinary Shares upon conversion of 2 Convertible Notes with face values of \$100,000 and \$200,000 respectively. Total consideration was \$300,000 or \$0.05 per Share.

The error has been corrected by restating each of the affected line items for the prior year as follows:

	2019	Increase (Decrease)	2019 Restated
	\$	\$	\$
Statement of Financial Position			
Total assets	561,164	-	561,164
Convertible notes	299,982	(299,982)	-
Financial liability	-	7,925	7,925
Trade and other payables	225,093	(18)	225,075
Total current liabilities	533,737	(292,075)	241,662
Net assets	27,427	292,075	319,502
Accumulated losses	(61,742,732)	(103)	(61,742,835)
Issuer convertible call option reserve	-	(7,822)	(7,822)
Convertible note share capital	-	300,000	300,000
Total equity	27,427	292,075	319,502
Statement of Profit or Loss and Other Comprehensive Income			
Interest expense	-	103	103
Loss before income tax	(413,596)	(103)	(413,699)
Total comprehensive loss for the period	(413,596)	(103)	(413,699)

Diluted earnings per share for the year ended 30 June 2019 have been restated, from a loss per share of 1.01 cents to a profit per share of 0.88 cents.

R3D GLOBAL LIMITED


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 Group's financial position as at 31 December 2019 and of its 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*; 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



Daniel Yeo
Director
10 March 2020

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 and its controlled entities ("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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 the Group is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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 Group incurred a net loss of \$193,742 and had net operating cash outflows of \$134,838 during the half-year ended 31 December 2019 and, as of that date, the Group's net assets were \$125,760. 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 Group's ability to continue as a going concern. My conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group 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 Group's financial position as at 31 December 2019 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 Group, ASRE 2410 requires that I comply with the ethical requirements relevant to the review of the annual financial report.

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INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

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.



Andrew J Newhouse

Registered Company Auditor

10 March 2020

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