

Appendix 4E

Preliminary Final Report

Rule 4.3A
Introduced 1/1/2003

Name Of entity : R3D Global Limited
ABN : 53 111 398 040

1. Details of the Reporting Period

Reporting Period ("current year") : Year ended 30 June 2020
Previous corresponding period ("prior year") : Year ended 30 June 2019

2. Result for announcement to the market

| | Amount AUD | | Amount Change AUD | Change % |
|---|---------------|------|----------------------|-------------|
| Revenue from ordinary activities | 321,900 | Up | 72,346 | 29 |
| Loss for the year attributable to members | (228,377) | Down | 185,322 | -45 |

Explanation of the result

Total revenue from services for the year ended 30 June 2020 was \$321,900, an increase of 29% compared to the previous corresponding period. The South East Asian market was the main driver of growth with revenue attributable to investor relations and digital marketing consultancy services provided to new clients.

While strong revenue growth was achieved by the South East Asian operations, the impact of the Covid-19 pandemic was particularly significant in the last quarter.

During the current year, the company has implemented a number of cost savings initiatives, including pay reductions, as well as reduction in operating expenses such as professional fees. These initiatives have been implemented to ensure that R3D Global not only withstand the impact of the pandemic and general downturn in market conditions, but also emerge stronger. We will continue to closely monitor our cash reserves and cost structures.

| Dividend | Amount Per Share Cents | Franked amount Per Share Cents |
|----------|------------------------------|--------------------------------------|
| Final | - | - |
| Interim | - | - |

Record date for determining entitlements to dividends: N/A

3. Statement of Profit or Loss and Other Comprehensive Income

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Business income | 297,927 | 247,823 |
| Other income | 23,728 | - |
| Interest received | 245 | 1,731 |
| Expenses | | |
| Professional fees | (148,332) | (210,382) |
| ASX fees | (18,716) | (15,431) |
| Employment expenses | (153,977) | (235,682) |
| Impairment expenses | (15,900) | (13,400) |
| Revaluation of Investments | 3,592 | - |
| Depreciation and amortisation expenses | (51,605) | (2,168) |
| Support services agreement | (38,808) | - |
| Other expenses | (122,425) | (186,190) |
| Loss for the year before income tax expense | (224,271) | (413,699) |
| Income tax expense | - | - |
| Loss for the year | (224,271) | (413,699) |
| Other comprehensive loss: | | |
| Exchange difference on translating foreign operations | (4,106) | - |
| Total comprehensive income/(loss) for the year, net of tax | (228,377) | (413,699) |
| Net loss for the year is attributable to: | | |
| Loss attributable to owners | (224,271) | (413,699) |
| Total comprehensive loss for the year is attributable to: | | |
| Loss attributable to owners | (228,377) | (413,699) |
| Loss per share | | |
| Basic loss per share (cents) | (0.52) | (1.01) |
| Diluted loss per share (cents) | (0.52) | (0.88) |

3a. Income Tax

| | 2020 | 2019 |
|---|----------|-----------|
| | \$ | \$ |
| a. The components of tax expense/(benefit) comprise: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Prima facie tax (benefit)/expense on (loss)/profit from ordinary activities before income tax at 27.5% (2019: 27.5%) | (61,675) | (113,767) |
| Non-deductible amounts | - | 4,281 |
| Tax losses not recognised | 61,675 | 109,486 |
| Income tax expense | - | - |

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4. Statement of Financial Position

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 131,825 | 448,287 |
| Trade and other receivables | 71,622 | 95,114 |
| Prepayments | - | 4,414 |
| Rights of Use Assets | 114,418 | - |
| Total Current Assets | <u>317,865</u> | <u>547,815</u> |
| Non-Current Assets | | |
| Intangible assets | - | 6,296 |
| Property, plant and equipment | 3,285 | 3,275 |
| Investments | 7,370 | 3,778 |
| Deposits - Rental | 19,708 | - |
| Total Non-Current Assets | <u>30,363</u> | <u>13,349</u> |
| Total Assets | <u>348,228</u> | <u>561,164</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 133,818 | 225,093 |
| Provisions | - | 8,662 |
| Financial liability | - | 7,925 |
| Lease Liability | 80,420 | - |
| Total Current Liabilities | <u>214,238</u> | <u>241,662</u> |
| Non-Current Liabilities | | |
| Lease Liability | 35,043 | - |
| Total Non-Current Liabilities | <u>35,043</u> | <u>-</u> |
| Total Liabilities | <u>249,281</u> | <u>241,662</u> |
| Net Assets | <u>98,947</u> | <u>319,502</u> |
| EQUITY | | |
| Issued capital | 62,070,159 | 62,070,159 |
| Accumulated losses | (61,967,106) | (61,742,835) |
| Reserves | (4,106) | (7,822) |
| Total equity | <u>98,947</u> | <u>319,502</u> |

5. Statement of Cash Flows

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 320,440 | 170,349 |
| Payments to suppliers and employees | (634,548) | (669,001) |
| Interest received | 245 | 1,731 |
| Net cash used in operating activities | <u>(313,863)</u> | <u>(496,921)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for office equipment | (2,599) | (1,655) |
| Net cash used in investing activities | <u>(2,599)</u> | <u>(1,655)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issued capital | - | 299,982 |
| Net cash provided by financing activities | <u>-</u> | <u>299,982</u> |

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| | | |
|---|----------------|----------------|
| Net decrease in cash and cash equivalents held | (316,462) | (198,594) |
| Cash and cash equivalents at beginning of year | 448,287 | 646,881 |
| Cash and cash equivalents at end of year | 131,825 | 448,287 |

6. Statement of changes in equity

| | Issued Capital | Reserves | Accumulated Losses | Total Equity |
|--|-----------------------|-----------------|---------------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2018 | 61,770,159 | - | (61,329,136) | 441,023 |
| Comprehensive loss for the year | - | - | (413,699) | (413,699) |
| Total comprehensive loss for the year | - | - | (413,699) | (413,699) |
| Issuer convertible call option | - | (7,822) | - | (7,822) |
| Convertible note | 300,000 | - | - | 300,000 |
| Balance as at 30 June 2019 | 62,070,159 | (7,822) | (61,742,835) | 319,502 |
| Balance as at 1 July 2019 | 62,070,159 | (7,822) | (61,742,835) | 319,502 |
| Comprehensive loss for the year | - | - | (224,271) | (224,271) |
| Other comprehensive loss for the year | - | (4,106) | - | (4,106) |
| Total comprehensive loss for the year | - | (4,106) | - | (4,106) |
| Issuer convertible call option | - | 7,822 | - | 7,822 |
| Balance as at 30 June 2020 | 62,070,159 | (4,106) | (61,967,106) | 98,947 |

7. Dividends

There is no dividend paid during the year ended 30 June 2020 (2019: nil).

8. Dividend reinvestment plans

There is no dividend paid during the year ended 30 June 2020 (2019: nil).

9. Net Tangible assets per security (Note: calculated based on the number of shares shown on ASX)

| 2020 cents | 2019 cents |
|-------------------|-------------------|
| 0.21 | 0.78 |

10. Details of entities over which control has been gained or lost

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

11. Details of associates and joint venture entities

N/A

12. Any other significant information

N/A

13. Accounting Standard – for foreign entities

International Financial Reporting Standards have been applied to the Group.

14. Results for the period

See commentary above.

14.1 Earnings per security

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Loss for the year attributable to members | (224,271) | (413,699) |
| | No. | No. |
| Weighted average number of ordinary shares for basic earnings per share | 43,152,537 | 41,147,058 |
| Effect of dilution | - | 6,000,000 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | <u>43,152,537</u> | <u>47,147,058</u> |

14.2 Returns to shareholders

N/A

14.3 Significant features of operating performances

See commentary above.

14.4 Trends in performance

The company remains committed to its growth strategy although the Covid-19 pandemic has reduced the pace to execute its strategic priorities, namely:

1. To grow R3D's IR and consultancy services in Southeast Asia
 - a. We have established a new subsidiary in Singapore
 - b. We have recruited to strengthen our sales and service team in Singapore
 - c. We have signed several new SME clients for cross-border consultancy services
2. To establish IR services for emerging sectors
 - a. We have signed new client contracts in the media and education industries
 - b. We have generated strong interest in our tech IR services

14.5 Any other factors which have affected the results in the period or which are likely to affect results in the future including those where the effect could not be quantified

N/A

15. Compliance Statement

This report is based on accounts that are in the process of being audited.

16. If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

N/A

On behalf of the board of Directors



Florence Fang
CEO
31 August 2020



G L O B A L

R3D GLOBAL LIMITED

ABN 53 111 398 040

**Unaudited
Annual Report**

For the year ended

30 June 2020

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FOR THE YEAR ENDED 30 JUNE 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|------------------|------------------|
| Revenue | | | |
| Business income | 6 | 297,927 | 247,823 |
| Other income | 6 | 23,728 | - |
| Interest received | | 245 | 1,731 |
| Expenses | | | |
| Professional fees | | (148,332) | (210,382) |
| ASX fees | | (18,716) | (15,431) |
| Employment expenses | | (153,977) | (235,682) |
| Impairment expenses | | (15,900) | (13,400) |
| Revaluation of investments | | 3,592 | - |
| Depreciation and amortisation expense | | (51,605) | (2,168) |
| Support services agreement | | (38,808) | - |
| Other expenses | | (122,425) | (186,190) |
| Loss for the year before income tax expense | | (224,271) | (413,699) |
| Income tax expense | | - | - |
| Loss for the year before income tax | | (224,271) | (413,699) |
| Income tax expense | 7 | - | - |
| Loss for the year | | (224,271) | (413,699) |
| Other comprehensive loss: | | | |
| Exchange difference on translating foreign operations | | (4,106) | - |
| Total comprehensive income/(loss) for the year, net of tax | | (228,377) | (413,699) |
| Net loss for the year is attributable to: | | | |
| Loss attributable to owners | | (224,271) | (413,699) |
| Total comprehensive loss for the year is attributable to: | | | |
| Loss attributable to owners | | (228,377) | (413,699) |
| Loss per share | | | |
| Basic loss per share (cents) | | (0.52) | (1.01) |
| Diluted loss per share (cents) | | (0.52) | (0.88) |

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 – ANNUAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|--------------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 8 | 131,825 | 448,287 |
| Trade and other receivables | 9 | 71,622 | 95,114 |
| Rights-of-use assets | 24 | 114,418 | - |
| Prepayments | 10 | - | 4,414 |
| Total Current Assets | | 317,865 | 547,815 |
| Non-Current Assets | | | |
| Intangible assets | 11 | - | 6,296 |
| Property, plant and equipment | 12 | 3,285 | 3,275 |
| Investments | 13 | 7,370 | 3,778 |
| Deposit paid | | 19,708 | - |
| Total Non-Current Assets | | 30,363 | 13,349 |
| Total Assets | | 348,228 | 561,164 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 14 | 133,818 | 225,075 |
| Provisions | 15 | - | 8,662 |
| Financial liability | | - | 7,925 |
| Lease liability | 24 | 80,420 | - |
| Total Current Liabilities | | 214,238 | 241,662 |
| Non-Current Liabilities | | | |
| Lease liability | 24 | 35,043 | - |
| Total Non-Current Liabilities | | 35,043 | - |
| Total Liabilities | | 249,281 | - |
| Net Assets | | 98,947 | 319,502 |
| Equity | | | |
| Issued capital | | 62,070,159 | 62,070,159 |
| Accumulated losses | | (61,967,106) | (61,742,835) |
| Reserves | | (4,106) | (7,822) |
| Total Equity | | 98,947 | 319,502 |

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

R3D GLOBAL LIMITED – ANNUAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

| | Issued Capital | Reserves | Accumulated Losses | Total Equity |
|--|-------------------|----------------|---------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2018 | 61,770,159 | - | (61,329,136) | 441,023 |
| Comprehensive loss for the year | - | - | (413,699) | (413,699) |
| Total comprehensive loss for the year | - | - | (413,699) | (413,699) |
| Issuer convertible call option | - | (7,822) | - | (7,822) |
| Convertible note | 300,000 | - | - | 300,000 |
| Balance as at 30 June 2019 | 62,070,159 | (7,822) | (61,742,835) | 319,502 |
| Balance as at 1 July 2019 | 62,070,159 | (7,822) | (61,742,835) | 319,502 |
| Comprehensive loss for the year | - | - | (224,271) | (224,271) |
| Other comprehensive loss for the year | - | (4,106) | - | (4,106) |
| Total comprehensive loss for the year | - | (4,106) | - | (4,106) |
| Issuer convertible call option | - | 7,822 | - | 7,822 |
| Balance as at 30 June 2020 | 62,070,159 | (4,106) | (61,967,106) | 98,947 |

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

R3D GLOBAL LIMITED – ANNUAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 320,440 | 170,349 |
| Payments to suppliers and employees | | (634,548) | (669,001) |
| Interest received | | 245 | 1,731 |
| Net cash provided used in operating activities | 8 | <u>(313,863)</u> | <u>(496,921)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for office equipment | | (2,599) | (1,655) |
| Net cash used in investing activities | | <u>(2,599)</u> | <u>(1,655)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issuance of convertible notes | | - | 299,862 |
| Net cash provided by financing activities | | <u>-</u> | <u>299,862</u> |
| Net increase/(decrease) in cash and cash equivalents held | | (316,462) | (198,594) |
| Cash and cash equivalents at beginning of the year | | 448,287 | 646,881 |
| Cash and cash equivalents at end of the year | 8 | <u>131,825</u> | <u>448,287</u> |

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 YEAR ENDED 30 JUNE 2020

NOTE 1: GENERAL INFORMATION

R3D Global Limited (“the Company”) is a public company incorporated in Australia, listed on the Australian Securities Exchange. The Company incorporated a fully owned subsidiary, R3D Singapore Pte Ltd on 25 July 2019, together referred to as the consolidated group (“the Group”).

Registered office and principal place of business

Level 5, 52 Phillip Street
Sydney NSW 2000
Australia

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and financial assets.

(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 30 June 2020, the Company had net assets of \$90,050 and net current assets of \$68,687 and in the year then ended incurred a loss of \$224,271 and net operating cash outflows of \$313,863. These conditions give rise to a material uncertainty that may cast significant doubt upon 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. Given the funds available at 30 June 2020, and the approved budget for the 2020 year, the Directors are of the opinion that the Company has sufficient cash to be able to continue as a going concern.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Australian dollars, which is the Company’s functional and presentation currency.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(d) Revenue Recognition

Rendering of services

Revenue was measured at fair value of the consideration 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 recognized 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.

Interest income

Interest income is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(e) Trade and other receivables

Trade receivables for the activities, which generally have 14 days terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance for impairment is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or overdue debts are considered objective evidence of impairment.

(f) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(g) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(h) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

(i) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets.

(j) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(k) Employee Leave Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related services, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Employee benefit on-costs

Employee benefit on-costs, including superannuation and workers' compensation insurance, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(l) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid, and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The balance is recognised as a current liability and amounts are normally paid within 30 days. Trade & other payables are initially measured as fair value & subsequently measured at amortised cost using the effective interest method.

(m) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of to profit or loss when the tax relates to items that are credited or charged directly to equity.

(n) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Earnings per share

Basic earnings per share is calculated as net profit/(loss) adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares and adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(q) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Company.

Key estimates

Impairment

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

Provision for impairment of receivables

No provision for impairment has been brought to account for year ended 30 June 2020.

(s) New & amended accounting policy

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting year. 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 adoption of this Standard and the retrospective accounting policies is disclosed in Note 24.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: FINANCIAL RISK MANAGEMENT

Objectives and policies and financial instruments

The Company's financial instruments consist mainly of deposits with banks, accounts receivable, investments and accounts payable.

The totals for each category of financial instruments, measured in accordance with *AASB 9: Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

| | Notes | 2020 \$ | 2019 \$ |
|------------------------------------|-------|----------------|----------------|
| Financial Assets | | | |
| Cash and cash equivalents | 8 | 131,825 | 448,287 |
| Trade and other receivables | 9 | 71,622 | 95,114 |
| Investments | 13 | 7,370 | 3,778 |
| Total Financial Assets | | 210,817 | 547,179 |
| Financial Liabilities | | - | |
| Trade and other payables | 14 | 133,818 | 225,093 |
| Total Financial Liabilities | | 133,818 | 225,093 |

Financial Risk Management Policies

The Board of Directors monitors the Company's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk and interest rate risk.

Specific Financial Risk Exposures and Management

The main risks that the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (equity price risk). There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Credit risk

There are no significant concentrations of credit risk within the Company.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The class of assets described as 'Trade and other receivables' is considered to be the main source of credit risk.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: FINANCIAL RISK MANAGEMENT (Cont.)

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to its trade and other payables. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- only investing surplus cash with major financial institutions.

Other payables are payable within 1 year.

Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Company to interest rate risk are cash and cash equivalents. The Company is not aware of any significant risk relating to interest rates.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company. The Company is not aware of any such risk.

Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities. The Company is not aware of any such risk, other than in relation to its investments. As the Company's investments are listed securities, there is the risk that the market price of these investments will fall, due to economic and market factors

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | Profit | Equity |
|--|---------------|---------------|
| | \$ | \$ |
| Year to 30 June 2020 | | |
| +/- 100 basis points in interest rates | 1,318 | 1,318 |
| Year to 30 June 2019 | | |
| +/- 100 basis points in interest rates | 4,483 | 4,483 |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3: FINANCIAL RISK MANAGEMENT (Cont.)

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities approximate their carrying amounts. Refer to Note 4 for detailed disclosures regarding the fair value measurement of the Company's financial assets and financial liabilities.

NOTE 4: FAIR VALUE MEASUREMENTS

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Shares in listed companies

Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

| Level 1 | Level 2 | Level 3 |
|--|--|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The Company's investments, being shares in listed companies, are all in level 1.

NOTE 5: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments. The Company operates solely as a provider of investor relations, financial media and research for small-mid cap stocks.

NOTE 6: REVENUE AND OTHER INCOME

| | 2020 \$ | 2019 \$ |
|---------------------------------------|---------------|------------|
| Revenue | | |
| Revenue from contracts with customers | 297,927 | 247,823 |
| Other income | | |
| Rental income | 18,226 | - |
| Other income | 5,502 | - |
| | 23,728 | - |

R3D GLOBAL LIMITED – ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7: INCOME TAX

| | 2020 | 2019 |
|---|----------|-----------|
| | \$ | \$ |
| The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows: | | |
| Prima facie tax (benefit)/expense on (loss)/profit before income tax at 27.5% (2019: 27.5%) | (61,675) | (113,767) |
| Non-deductible amounts | - | 4,281 |
| Tax losses not recognised | 61,675 | 109,486 |
| Other deferred tax assets not recognised | - | - |
| Income tax expense | - | - |

The franking account balance of the Company at 30 June 2020 is \$ nil (30 June 2019: \$ nil).

The available gross tax losses of the Company at 30 June 2020 are \$ 866,772 (30 June 2019: \$866,772).

The deferred tax asset of \$ 238,362 (2019: \$238,362) arising from these losses and other temporary differences have not been recognised. The benefit of the tax losses will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- the Company continues to comply with the conditions for deductibility imposed by tax legislation, and
- no changes in tax legislation adversely affect the Company in realising the benefit of deductions for the losses.

NOTE 8: CASH & CASH EQUIVALENTS

| | 2020 | 2019 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| Cash at bank and on hand | 131,825 | 448,287 |
| Total cash and cash equivalents | 131,825 | 448,287 |

NOTE 8 (a): RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH PROFIT/(LOSS) AFTER TAX

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Loss after income tax | (224,271) | (413,699) |
| Non-cash flows in result for the year: | | |
| Depreciation and amortisation | 51,605 | 2,168 |
| Impairment of trade and other receivables | 15,900 | - |
| Change in fair value of investments | 4,020 | 13,400 |
| <i>Changes in assets and liabilities:</i> | | |
| (Increase)/decrease in trade and other receivables | 23,492 | (77,474) |
| (Increase)/decrease in prepayments | 4,414 | 5,909 |
| Increase/(decrease) in trade and other payables | (180,361) | (24,836) |
| Increase/(decrease) in provisions | (8,662) | (2,389) |
| Net cash flow from operating activities | (313,863) | (496,921) |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9: TRADE AND OTHER RECEIVABLES

| | 2020 | 2019 |
|---|----------|----------|
| | \$ | \$ |
| CURRENT | | |
| Trade and other receivables | 132,614 | 140,206 |
| Provision for impairment | (60,992) | (45,092) |
| Total current trade and other receivables | 71,622 | 95,114 |

Provision for impairment of receivables

Movement in the provision for impairment of receivables is as follows:

| | Opening Balance 1 July 2019 | Change for the Year | Amounts Written Off | Closing Balance 30 June 2020 |
|--------------------------|-----------------------------------|------------------------|------------------------|------------------------------------|
| | \$ | \$ | \$ | \$ |
| Provision for impairment | (45,092) | - | (15,900) | (60,992) |
| Total | (45,092) | - | (15,900) | (60,992) |

Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or company of counterparties. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Company.

The following table details the Company’s trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as “past due” when the debt has not been settled within the terms and conditions agreed between the Company and the customer or counterparty to the transaction.

| | Gross Amount | Past Due and Impaired | Past Due but Not Impaired (Days Overdue) | | | | Within Initial Trade Terms |
|---|-----------------|-----------------------------|---|-------|-------|--------|-------------------------------------|
| | | | < 30 | 31–60 | 61–90 | > 90 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | | | |
| Trade and term receivables | 58,003 | - | - | 7,091 | 5,005 | 11,496 | 34,411 |
| Total | 58,003 | - | - | 7,091 | 5,005 | 11,496 | 34,411 |
| Trade and term receivables include \$13,619 GST receivables | | | | | | | |
| | Gross Amount | Past Due and Impaired | Past Due but Not Impaired (Days Overdue) | | | | Within Initial Trade Terms |
| | \$ | \$ | < 30 | 31–60 | 61–90 | > 90 | \$ |
| 2019 | | | | | | | |
| Trade and term receivables | 62,732 | 45,092 | - | - | - | - | 17,640 |
| Total | 62,732 | 45,092 | - | - | - | - | 17,640 |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10: PREPAYMENTS

| | 2020 \$ | 2019 \$ |
|-------------------|------------|--------------|
| CURRENT | | |
| Prepayments | - | 4,414 |
| Total prepayments | <u>-</u> | <u>4,414</u> |

NOTE 11: INTANGIBLE ASSETS

| | 2020 \$ | 2019 \$ |
|------------------------------------|------------|--------------|
| Cost | | |
| R3D Platform Intellectual Property | - | 6,296 |
| Total intangible assets | <u>-</u> | <u>6,296</u> |
| Movement: | | |
| Balance at beginning of the year | 6,296 | 6,296 |
| Impairment expense | 6,296 | - |
| Balance at end of the year | <u>-</u> | <u>6,296</u> |

NOTE 12: PROPERTY, PLANT & EQUIPMENT

| | 2020 \$ | 2019 \$ |
|--|--------------|--------------|
| Plant & Equipment | | |
| Office equipment - at cost | 11,712 | 9,113 |
| Office equipment - accumulated depreciation | (8,427) | (5,838) |
| Office equipment - carrying value at the end of the year | <u>3,285</u> | <u>3,275</u> |

| | Office equipment \$ | Total property, plant & equipment \$ |
|--------------------------------|---------------------------|---|
| Movements: | | |
| Balance at 1 July 2018 | 3,788 | 3,788 |
| Additions | 1,655 | 1,655 |
| Depreciation expense | (2,168) | (2,168) |
| Balance at 30 June 2019 | <u>3,275</u> | <u>3,275</u> |
| Balance at 1 July 2019 | 3,275 | 3,275 |
| Additions | 2,599 | 2,599 |
| Depreciation expense | (2,589) | (2,589) |
| Balance at 30 June 2020 | <u>3,285</u> | <u>3,285</u> |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13: INVESTMENTS

| | 2020 | 2019 |
|--|-------|-------|
| | \$ | \$ |
| Listed investments: at fair value through profit or loss | 7,370 | 3,778 |

NOTE 14: TRADE AND OTHER PAYABLES

| | 2020 | 2019 |
|--|---------|---------|
| | \$ | \$ |
| Trade payables | 84,809 | 53,675 |
| Other payables | 49,009 | 171,400 |
| Total current trade and other payables | 133,818 | 225,075 |

Trade payables and other payables are non-interest bearing and are normally settled on 30 days - 150 days terms.

NOTE 15: PROVISIONS

| | 2020 | 2019 |
|----------------------------|------|-------|
| | \$ | \$ |
| Provision for annual leave | - | 8,662 |

NOTE 16: ISSUED CAPITAL

| a) Movement in shares on issue | 2020 | 2019 |
|---|------------|------------|
| | \$ | \$ |
| Fully paid ordinary shares at the beginning of the year | 62,070,159 | 61,770,159 |
| Convertible notes ¹ | - | 300,000 |
| Fully paid ordinary shares at the end of the year | 62,070,159 | 62,070,159 |

| | 2020 | 2019 |
|--------------------------------------|------------|------------|
| | No. | No. |
| Balance at the beginning of the year | 41,147,058 | 41,147,058 |
| Issue of shares ¹ | 6,000,000 | - |
| Balance at the end of the year | 47,147,058 | 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.

¹ On 22 February 2020, the Company issued 6,000,000 Fully Paid Ordinary Shares upon conversion of 2 Convertible Notes with face value of \$100,000 and \$200,000 respectively. Total consideration was \$300,000 or \$0.05 per Share.

Capital Management

Management controls the capital of the Company in order to maintain a sustainable debt to equity ratio, generating long-term shareholder value and ensuring that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Company is not subject to any externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: INTEREST OF KEY MANAGEMENT PERSONNEL (“KMP”)

The key management personnel during the years ended 30 June 2020 and 2019 were as follows:

| 2020 | 2019 |
|-------------------------|--|
| Mr Daniel Yeo Chin Tuan | Mr Daniel Yeo Chin Tuan |
| Ms Florence Fang | Ms Florence Fang |
| Dr Tiffany Tsao | Dr Tiffany Tsao |
| Mr Michael Thirnbeck | Mr Michael Thirnbeck |
| Mr Muljadi Irawan | Mr Kasudjono Harianto – Resigned 26 October 2019 |
| | Mr Yuen Loke Chin – Resigned 9 July 2019 |
| | Mr Muljadi Irawan – Appointed 9 July 2019 |

The totals of remuneration paid to KMP of the Company during the year are as follows:

| | 2020 | 2019 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 158,200 | 195,089 |
| Post-employment benefits | - | 14,257 |
| Share-based payments | - | - |
| Total | 158,200 | 209,346 |

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current year’s costs of providing for superannuation contributions made during the year.

The number of shares in the Company held during the financial year by each Director of R3D Global Limited and Key Management Personnel of the Company, including their related entities, are set out below:

| 2020 | Balance at the start of the year | Changes during the year | Balance at the end of the year |
|---------------------------------|----------------------------------|-------------------------|--------------------------------|
| Ordinary shares | No. | No. | No. |
| Daniel Yeo Chin Tuan | 965,573 | - | 965,573 |
| Florence Fang | - | - | - |
| Michael Thirnbeck | - | - | - |
| Tiffany Tsao | - | - | - |
| Muljadi Irawan | - | - | - |
| Kasudjono Harianto ¹ | - | - | - |
| Yuen Loke Chin ² | - | - | - |

¹ Resigned 26 October 2019

² Resigned 9 July 2019

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17: INTEREST OF KEY MANAGEMENT PERSONNEL (“KMP”) (Cont.)

| 2019 | Balance at the start of the year | Changes during the year | Balance at the end of the year |
|----------------------|----------------------------------|-------------------------|--------------------------------|
| Ordinary shares | No. | No. | No. |
| Daniel Yeo Chin Tuan | 965,573 | - | 965,573 |
| Florence Fang | - | - | - |
| Michael Thirnbeck | - | - | - |
| Tiffany Tsao | - | - | - |
| Muljadi Irawan | - | - | - |

NOTE 18: DIVIDENDS

No dividends were paid to members during the financial year or prior year.

NOTE 19: AUDITOR’S REMUNERATION

| | 2020 | 2019 |
|---|---------------|---------------|
| | \$ | \$ |
| Audit or review of financial statements | 55,000 | 25,000 |
| Other services - Tax | - | 1,800 |
| Total | 55,000 | 26,800 |

NOTE 20: RELATED PARTIES

Transactions with related parties

The following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

| | 2020 | 2019 |
|---------------------------------|--------|--------|
| | \$ | \$ |
| Billings for services performed | 38,808 | 79,275 |
| Purchases of services | - | 35,287 |

Purchases of services & billings for services performed during the prior year, were for Flame Communications Pte Ltd, a company associated with Ms Florence Fang, Managing Director and CEO of R3D Global Limited. The Directors consider these transactions are at arms lengths.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21: EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Loss for the year attributable to members | (224,271) | (413,699) |
| | No. | No. |
| Weighted average number of ordinary shares for basic earnings per share | 43,152,537 | 41,147,058 |
| Effect of dilution | - | 6,000,000 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | <u>43,152,537</u> | <u>47,147,058</u> |

NOTE 22: CONVERTIBLE NOTES

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

NOTE 23: COMMITMENTS AND CONTINGENT LIABILITIES

The Company had no commitments or contingent liabilities as at 30 June 2020.

R3D GLOBAL LIMITED – ANNUAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24: LEASES

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.

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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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24: LEASES (Cont.)

NOTE 24 (a): RIGHT-OF-USE ASSET

AASB 16 related amounts recognised in the balance sheet

| | 2020 |
|---------------------------|----------------|
| | \$ |
| Right-of-use asset | |
| Lease office | 164,048 |
| Accumulated depreciation | 49,630 |
| | <u>114,418</u> |

AASB 16 related amounts recognised in the profit or loss

| | 2020 |
|---------------------------|---------------|
| | \$ |
| Right-of-use asset | |
| Depreciation charge | 49,630 |
| Interest | 3,007 |
| | <u>52,637</u> |

NOTE 24 (b): LEASE LIABILITY

| | 2020 |
|-----------------|----------------|
| | \$ |
| Current | 80,420 |
| Non-current | 35,043 |
| Lease liability | <u>115,463</u> |

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25: 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 |
|---|--------------|------------------------|--------------|
| | \$ | \$ | \$ |
| 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 | (416,596) | (103) | (413,699) |
| Total comprehensive loss for the year | (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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 26: SUBSIDIARIES

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

NOTE 28: SUBSEQUENT EVENTS

There are no significant events have arisen since the end of the year which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial year