

R3D GLOBAL LIMITED
(Formerly RedChip International Limited)

ABN 53 111 398 040

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016

R3D GLOBAL LIMITED
(Formerly RedChip International Limited)

CONTENTS

	Page
Directors' report	3
Auditor's independence declaration	5
Condensed Statement of profit or loss and other comprehensive income	6
Condensed Statement of financial position	7
Condensed Statement of changes in equity	8
Condensed Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	12
Independent auditor's review report	13

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

DIRECTORS' REPORT

Your directors submit the financial report of R3D Global Ltd (formerly RedChip International Ltd) for the half-year ended 31 December 2016.

DIRECTORS

The names of the Company's directors in office during the financial 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 Yuen Loke Chin (Non-Executive Director) appointed 22 March 2013

Mr Kasudjono Harianto (Non-Executive Director) appointed 22 March 2013

Mr Michael Thirnbeck (Non-Executive Director) appointed 23 December 2013

Mr Alberto Migliucci (Non-Executive Director) appointed 13 October 2014

Company Secretary

Mr Henry Kinstlinger appointed 20 October 2016

Mr Tai Phan appointed 18 December 2015, ceased 20 October 2016

REVIEW OF OPERATIONS

The Company's net loss from continuing operations was \$941,925 (2015: \$231,310).

During the half-year to 31 December 2016, the Company:

- Terminated the support services agreement (SSA) it had in place with RedChip Companies Inc. on 29 August 2016, pursuant to the terms of the SSA, which permitted termination for more than 4 breaches of the SSA;
- Appointed Mr Leonardo Lopez to the position of Chief Executive Officer on 1 September 2016. Mr Lopez replaced Mr Yuen Loke Chin who relinquished the role and returned to being a non-executive director;
- Changed its name to R3D Global Limited on 6 December 2016 and
- Entered into a deed of release and variation (Deed) with its major shareholder, RedChip Companies Inc (RedChip US). The effect of the Deed is to resolve various disputes regarding the assets acquired from RedChip US in early 2016. The Deed also provides for the Company to buy back shares from RedChip US. In summary, the outcome of the settlement will be that:
 - The Company will retain exclusive rights to use the IP Rights in all territories in the world and related intellectual property, other than specific territories which will become the exclusive right of RedChip US. In addition to the Americas (which RedChip US had always retained IP Rights to), RedChip US will retain IP Rights in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea. This means that the Company will retain IP Rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea,
 - RedChip US will "forfeit" all of its existing 30,000,000 shares and any potential Deferred Consideration in the Company, which it originally received for the sale of the IP Rights to R3D, for nil (or nominal) consideration,
 - Cancellation of the Buy-back Shares will result in the percentage holdings of all other R3D shareholders increasing on a proportionate basis,
 - Fees to be earned on a small number of existing disputed contracts with clients would be split on a 50/50 basis, and

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

- Disputes regarding certain agreements will be resolved.
- All outstanding claims of both parties would be released as a consequence.
- The terms of the Deed do not come into effect until:
 - The first date upon which the Company effects its change of name such that its name does not include the words "RedChip", "Red" or "Chip" or any other words which are substantially similar to same;
 - The first date upon which an announcement stating that the R3D Shares have been cancelled or forfeited, has been published; and
 - The first date on which all of the monies the subject of a modified Intellectual Property Deed and which relate to the period prior to the Condition Precedent Satisfaction Date, are paid to the relevant party.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 9 February 2017, the Company announced an Extraordinary General Meeting to be held 15 March 2017 to consider, and if thought fit, pass the following special resolutions.

Resolution 1: Special resolution to approve selective share buy back from RedChip Companies Inc

Resolution 2: Ordinary resolution to approve transfer of assets to substantial holder under Listing Rule 10.1

AUDITOR'S DECLARATION

The lead auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2016 is set out on page 5.

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*.



Yuen Loke Chin
Director
24 February 2017

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 2016, 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

24 February 2017

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	Half-year 31 Dec 2016	Half-year 31 Dec 2015
		\$	\$
Revenue			
Business income		120,672	-
Other income		17,100	746
Expense			
Professional fees		(162,969)	(93,433)
ASX listing fees		(15,697)	(96,732)
Employment expenses		(120,344)	-
Support Services Agreement		(283,333)	-
Amortisation expense		(300,000)	-
Other expenses		(197,354)	(41,891)
Loss before income tax	2	<u>(941,925)</u>	<u>(231,310)</u>
Income tax		-	-
Loss for the period		<u>(941,925)</u>	<u>(231,310)</u>
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss for the period		<u>(941,925)</u>	<u>(231,310)</u>
Loss attributable to:			
- owners of the parent		(941,925)	(231,310)
Total comprehensive loss attributable to:			
- owners of the parent		(941,925)	(231,310)
Loss per share			
From continuing operations:		Cents	Cents
Basic loss per share (cents per share)		(1.32)	(0.87)
Diluted loss per share (cents per share)		(1.32)	(0.87)

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

(Formerly RedChip International Limited)

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 Dec 2016	30 Jun 2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,423,004	1,896,886
Trade and other receivables		56,312	15,877
Prepayments		9,900	293,233
TOTAL CURRENT ASSETS		1,489,216	2,205,996
NON CURRENT ASSETS			
Intangible assets		5,537,705	5,837,705
Property, plant & equipment		5,021	3,756
Investments		23,450	23,450
TOTAL NON CURRENT ASSETS		5,566,176	5,864,911
TOTAL ASSETS		7,055,392	8,070,907
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		107,222	180,812
TOTAL CURRENT LIABILITIES		107,222	180,812
TOTAL LIABILITIES		107,222	180,812
NET ASSETS		6,948,170	7,890,095
EQUITY			
Issued capital		61,770,160	61,770,160
Accumulated losses		(54,821,990)	(53,880,065)
TOTAL EQUITY		6,948,170	7,890,095

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

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued capital	Accumulated losses	Total
	\$	\$	\$
Balance at 1 July 2015	53,103,984	(53,291,592)	(187,608)
Total Comprehensive Income	-	(231,310)	(231,310)
Balance at 31 December 2015	53,103,984	(53,522,902)	(418,918)
Balance at 1 July 2016	61,770,160	(53,880,065)	7,890,095
Total Comprehensive Income	-	(941,925)	(941,925)
Balance at 31 December 2016	61,770,160	(54,821,990)	6,948,170

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

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year 31 Dec 2016	Half-year 31 Dec 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	92,855	-
Payments to suppliers and employees	(569,659)	(172,863)
Interest received	5,850	746
Net cash provided by/(used in) operating activities	(470,954)	(172,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for office equipment	(2,928)	-
Net cash provided by/(used in) investing activities	(2,928)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	100,000
Net cash provided by/(used in) financing activities	-	100,000
Net increase /(decrease) in cash and cash equivalents held	(473,882)	(72,117)
Cash and cash equivalents at beginning of period	1,896,886	82,342
Cash and cash equivalents at end of period	1,423,004	10,225

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

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 Standards, IAS 134 Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of R3D Global Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2016, together with any public announcements made during the half-year.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following revised Accounting Standard except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Going Concern

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

As at 31 December 2016, the Company had net assets of \$6,948,170 and, net current assets of \$1,381,994 and, in the half-year then ended, incurred a loss of \$941,925 and net operating cash outflows of \$470,954.

The directors are satisfied that the going concern basis is appropriate in the preparation of the financial report based on the approved cash flow forecasts of the Company. Given the funds available at 31 December 2016, the Directors' are of the opinion that the Company has sufficient cash to be able to continue as a going concern.

(c) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Note 2: LOSS FOR THE PERIOD

	31 December 2016 \$	31 December 2015 \$
Other revenue		
Business income	120,672	-
Other income	17,100	746
	<hr/> 137,772	<hr/> 746
Expenses		
Professional fees	(162,969)	(93,433)
ASX listing fees	(15,697)	(96,732)
Employment expenses	(120,344)	-
Support Services Agreement	(283,333)	-
Amortisation expense	(300,000)	-

Note 3: OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the entity. The board of directors have concluded that at this time the company is only performing corporate activities and information similar to the financial statements presented in the financial report are received by them, to manage and allocate their resources.

Note 4: FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities approximates its carrying amount recorded in the statement of financial position.

Note 5: EVENTS AFTER BALANCE DATE

There are no events to report after the balance sheet date other than noted in the Directors Report on page 4.

R3D GLOBAL LIMITED

(Formerly RedChip International Limited)

DIRECTORS' DECLARATION

The directors declare that:

1. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
2. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

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



Yuen Loke Chin

Director

24 February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of R3D Global Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of R3D Global Limited and its controlled entities ("the consolidated entity or Group") which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising of summary of accounting policies, other selected explanatory notes and the directors' declaration for the Group.

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 controls 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 an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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 consolidated entity, 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.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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*, provided to the directors of R3D Global Limited on 24 February 2017, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

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 R3D Global Limited 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 2016 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.



Andrew J Newhouse

Registered Company Auditor

24 February 2017

Appendix 4D

Half year report
R3D Global Limited
ABN 53 111 398 040

Financial reporting for the half year ended 31 December 2016

	31 December 2016	31 December 2015	Percentage Change
Revenue from ordinary activities	137,772	746	18,368.1%
Profit (loss) from ordinary activities after tax attributable to members	(941,925)	(231,310)	307.21%
Net profit (loss) for the period attributable to members	(941,925)	(231,310)	307.21%
Net tangible asset per security	2.17	N/A	N/A

There is no dividend paid during the half year ended 31 December 2016.

Explanation of Revenue from ordinary activities

Revenue to December 2016 is income from business activities.

Explanation of Profit/(loss) from ordinary activities after tax

Loss from ordinary activities and net loss for the period increased by 307.21%. This was due to the Company incurring employment expenses, termination of the Support Services Agreement and Amortisation expense as well as an increase in other expenses due to the R3D business, which was not in operation in the half year to 31 December 2015.

Control has been gained or lost during the period

N/A

Details of individual and total dividends or distributions and dividend or distribution payments

N/A

Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

Details of associates and joint venture

N/A

For foreign entities, which set of accounting standards is used in compiling the report

N/A

For all entities, if the +accounts contain an independent audit report or review 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