

**APPENDIX 4D**

talidigital.com

<b>Names of Entity</b>	<b>TALI DIGITAL LIMITED (ASX: TD1)</b> (FORMALLY NOVITA HEALTHCARE LIMITED – ASX NHL)
<b>ABN:</b>	<b>53 108 150 750</b>
Reporting Period:	Financial Half Year ended 31 December 2019
Previous Corresponding Period:	Financial Half Year ended 31 December 2018

**Results for Announcement to the Market**

	<b>Half Year End</b>	Half Year End	Change
	<b>31 Dec 2019</b>	31 Dec 2018	
	\$	\$	
Revenue from continuing operations	<b>22,276</b>	44,599	(50%)
Profit/(Loss) after tax from continuing operations	<b>(1,758,012)</b>	(1,748,045)	-
Net profit for the half year	<b>(1,758,012)</b>	(1,748,045)	-
Net Tangible assets per share (cents) *	<b>0.70</b>	0.43	

\*Net tangible assets include right-of-use assets and the corresponding lease liabilities arising from application of AASB 16 from 1 July 2018 for leases previously classified as operating leases.

**Dividends**

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial half year ended 31 December 2019.

## Consolidated Financial Statements

This report is based on the attached financial report which has been independently reviewed. The attached financial report is not subject to a qualified review statement. The report has been reviewed by Grant Thornton Audit Pty Ltd with the independent Auditor's Review Report included in the half-year financial report.

## About TALi DIGITAL (FORMALLY NOVITA HEALTHCARE LIMITED)

*TALi Digital Limited (ASX: TD1) is a leading early childhood technology business targeting ATTENTION in children through its breakthrough Tali platform. Tali combines evidence-based proprietary algorithms inside a game-based program to assess and strengthen core attention skills in early childhood ([www.talihealth.com](http://www.talihealth.com))*

### Contact

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**Glenn Smith**

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TALi Digital

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Investors:

**Sue MacLeman**

Chair

TALi Digital

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# **TALI DIGITAL LIMITED**

**(formally NOVITA HEALTHCARE LIMITED)**

**And CONTROLLED ENTITIES**

**ABN: 53 108 150 750**

## **FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2019**

TALI DIGITAL LIMITED ABN 53 108 150 750

The directors present their report together with the financial statements on TALi Digital Limited (the 'Company') and its controlled entities (the 'Group') for the six months ended 31 December 2019.

## Directors

The directors of the Company at any time during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

<b>Name and independence status</b>	<b>Period of office and special responsibilities</b>
Sue MacLeman Independent Non-Executive Director & Chair	Appointed September 6, 2018 Director and Chair since September 6, 2018. Member of the Audit Committee.
Jefferson Harcourt Non-Executive Director	Appointed February 25, 2016. Member of the Audit Committee
Mark Simari Independent Non-Executive Director	Appointed September 1, 2016. Chairman of the Audit Committee since February 19, 2018
Glenn Smith Managing Director	Appointed Chief Executive Officer October 3, 2017 and appointed Managing Director May 10, 2018

All non-executive directors are members of the Audit Committee from the date of their appointment.

## PRINCIPAL ACTIVITIES

TALi Digital Limited (ASX: TD1) is a leading early childhood technology business targeting ATTENTION in children through its breakthrough Tali platform. Tali combines evidence-based proprietary algorithms inside a game-based program to assess and strengthen core attention skills in early childhood ([www.talihealth.com](http://www.talihealth.com)).

## FINANCIAL UPDATE

The Group has recorded a loss of \$1.8 million for the six months ending 31 December 2019 (31 December 2018: \$1.7 million). TALi's operating cash consumption for the half year was \$0.8 million, 57% lower than the previous corresponding period (31 December 2018: \$1.5 million) and reported closing cash resources of \$6.1 million at 31 December 2019, up 2,000% over the Group's cash balance as at 30 June 2019 \$0.3 million.

## REVIEW OF OPERATIONS

Over the last 6 months, TALi's operations have continued to focus on domestic expansion of the business, international market initiation and the finalisation of product development of the Company's new assessment application.

To better align itself with its flagship TALi software platform, the Group changed its name to TALi Digital Limited (previously Novita Healthcare Limited) and launched a new website [www.talidigital.com.au](http://www.talidigital.com.au) in December 2019.

TALI DIGITAL LIMITED ABN 53 108 150 750

**OPERATIONS UPDATE – TALI HEALTH**

The six-month period delivered significant milestones in developing and commercialising TALi products as summarised below. These events have assisted the Company in positioning itself as a leading global player in the segments of attention and technology solutions that assist children early in life. TALi is a software as a service (SaaS) model with primary customers in the education and healthcare sectors of the global market.

- **Google for Education Partner certification**

The Company has recognised for some time that the market opportunities within the USA and UK markets can make TALi a true global tech success story. In line with this strategy, significant developments occurred post HY FY20 end, in particular the announcement of the 15th January 2020 relating to the achievement of Google for Education Partner certification by TALi on a global basis.

Under the partnership, TALi will be able to be accessed via Google products including G Suite for Education and Google Chromebooks. These products dominate the U.S. education system with over 55% of all U.S. school children using a Google product every day to facilitate their learning experience. This combined with other partner activities the Company is undertaking will assist with the expansion of TALi on a global basis in particular within the US health and education sectors.

- **US CPT Code Reimbursement**

Accessing CPT reimbursement codes for TALi in the USA was a major development for the Company's growth prospects. The CPT codes allow for the deployment of product in the US, a significant market for attention testing and training. Access to the US Reimbursement Codes has also allowed for the Company to expedite discussions with significant potential partners to capture the US market opportunity.

- **CE Mark Certification**

During the period, TALi Train received CE Mark certification as a Class 1 Medical Device. The certification is a significant event for the Company, indicating the program meets essential requirements of all applicable European regulations as a medical device and permits the sale of TALi Train in the European Economic Area.

- **UK Partner Supply Agreement**

The signing of a supply agreement with Edtech Impact, one of UK's leading school-led marketplaces reaching +90% of schools across the country, allows Edtech to proactively promote TALi Train to +180,000 teachers a month. Edtech Impact and TALi have also partnered on specific school leader only events and on the collection of data related to the use of and the social, economic and education impact of Tali Train in the UK school system.

- **National Disability Insurance Scheme (NDIS)**

Access to TALi Health products has been expanded with participants in NDIS able to now access TALi products via two additional registration classes. TALi Health can now be accessed by participants in NDIS via three registration classes.

The above milestones should ensure TALi is positioned to be a significant player in the segment of attention and technology solutions that assist children early in life.

TALI DIGITAL LIMITED ABN 53 108 150 750

## CORPORATE UPDATE

### **\$8.2 million equity raising to fund growth**

On 19 September 2019 the Company completed a \$2.0 million placement to via a Rights Issue and a shortfall placement.

On 25 November 2019 the Company completed a \$6.2 million placement to institutional and sophisticated investors.

Funds raised in the equity raisings will be used to accelerate U.S. marketing and sales, along with commercial activities in Australia, Europe & UK. Funds will also be used to investigate the use of the TALi technology in other neurological areas along with supporting working capital requirements.

## OUTLOOK

While a key focus will be on the further development and commercialising of TALi products, the Company is in advanced discussions with potential partners particularly for the North American market to further assist with expansion of TALi products.

In addition, the Company has been focused on pre-registering Victorian schools for the delivery of TALi from Term 1, 2020 in Australia and the continued expansion of marketing activities to schools in the USA and UK. This enables the Company to build a pre-qualified potential customer base.

The Company expects revenues from activities to be reflected during the 2020 calendar year.

### **Post Balance Date Events**

On the 15<sup>th</sup> of January 2020, the Group announced that it had successfully achieved Google For Education Partner status on a global basis.

There has not arisen since the end of the half-year any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

TALI DIGITAL LIMITED ABN 53 108 150 750

**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration forms part of the Directors' Report for the six months ended 31 December 2019 and is set out on page 8 of this report.

Dated at Melbourne this 20th day of February 2020.

Signed in accordance with a resolution of the directors, pursuant to Section 306(3)(a) of the Corporations Act 2001.

A handwritten signature in black ink, consisting of a stylized 'S' and 'M' followed by a horizontal line extending to the right.

Sue MacLeman  
Chair

## Auditor's Independence Declaration

### To the Directors of TALi Digital Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of TALi Digital Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 20 February 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

for the half-year ended 31 December 2019

TALI DIGITAL LIMITED ABN 53 108 150 750

		31 December 2019	31 December 2018
	Note	\$	Restated * \$
Revenue from continuing activities	5	22,276	44,599
Other income	5	51,989	535,749
Contract research and development expenses		67,945	(740,696)
Personnel expenses excluding share-based payment expense		(837,159)	(906,728)
Share Based Payment Expense		(68,675)	(135,330)
Occupancy expenses		(37,751)	(37,446)
Depreciation and amortisation		(274,603)	(204,966)
Travel and accommodation expenses		(76,573)	(56,638)
Professional services expenses		(239,491)	(228,180)
Insurance expenses		(42,568)	(33,898)
Intellectual property expenses		(56,638)	(22,286)
Advertising & Promotion		(123,730)	(115,491)
Other expenses		(115,060)	(198,167)
<b>Results from operating activities</b>		<b>(1,730,038)</b>	<b>(2,099,478)</b>
Interest income		7,734	21,509
Finance expenses		(35,708)	(3,378)
<b>Net finance income/(expense)</b>		<b>(27,974)</b>	<b>17,771</b>
<b>Loss before income tax expense from continuing operations</b>		<b>(1,758,012)</b>	<b>(2,081,707)</b>
Income tax expense		-	-
<b>Loss after income tax expense from continuing operation</b>	6	<b>(1,758,012)</b>	<b>(2,081,707)</b>
<b>Profit/(loss) after income tax expenses from discontinued operations</b>	11	-	333,662
<b>Loss after income tax expense for the half-year</b>		<b>(1,758,012)</b>	<b>(1,748,045)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributed to the owners of the Company</b>		<b>(1,758,012)</b>	<b>(1,748,045)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share from continuing operations		(0.30)	(0.49)
Diluted earnings per share from continuing operations		(0.30)	(0.49)
Basic earnings per share from discontinued operations		-	0.08
Diluted earnings per share from discontinued operations		-	0.08
Basic earnings per share		(0.30)	(0.41)
Diluted earnings per share		(0.30)	(0.41)

\*See note 3 for details regarding the change in accounting policy

The Consolidated Condensed Statement of profit or loss and other Comprehensive Income is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

**CONSOLIDATED CONDENSED STATEMENT OF  
FINANCIAL POSITION**

as at 31 December 2019

TALI DIGITAL LIMITED ABN 53 108 150 750

	Note	31 December 2019	30 June 2019
		\$	\$
<b>Assets</b>			
Cash and cash equivalents		6,113,751	341,434
Trade and other receivables		163,498	970,800
Prepayments		23,288	5,554
Investments	9	1,530	1,350
<b>Total current assets</b>		<b>6,302,067</b>	<b>1,319,138</b>
Investments	9	800,000	800,000
Intangible assets		2,891,361	2,575,900
Property, plant and equipment		378,985	479,078
<b>Total non-current assets</b>		<b>4,070,346</b>	<b>3,854,978</b>
<b>Total assets</b>		<b>10,372,413</b>	<b>5,174,116</b>
<b>Liabilities</b>			
Trade and other payables		314,006	587,600
Borrowings		-	429,968
Lease Liabilities	12	129,077	74,806
Deferred income	13	170,463	187,659
Employee benefits		172,455	156,605
<b>Total current liabilities</b>		<b>786,001</b>	<b>1,436,638</b>
Employee benefits		13,637	9,527
Lease Liabilities	12	136,710	250,196
Deferred income	13	1,269,608	1,210,663
<b>Total non-current liabilities</b>		<b>1,419,955</b>	<b>1,470,386</b>
<b>Total liabilities</b>		<b>2,205,956</b>	<b>2,907,024</b>
<b>Net assets</b>		<b>8,166,457</b>	<b>2,267,094</b>
<b>Equity</b>			
Issued capital	6	202,113,800	194,976,507
Share base payment reserve		1,158,208	638,126
Revaluation reserve		(200,000)	(200,000)
Accumulated losses	6	(194,905,551)	(193,147,539)
<b>Total equity</b>		<b>8,166,457</b>	<b>2,267,094</b>

*The Consolidated Condensed Statement of Financial Position is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.*

**CONSOLIDATED CONDENSED STATEMENT  
OF CHANGES IN EQUITY**

for the half-year ended 31 December 2019

TALI DIGITAL LIMITED ABN 53 108 150 750

<b>For the six months ended 31 December 2019</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Share Based Payment Reserve</b>	<b>Change in Fair Value Reserve</b>	<b>Total Equity</b>
	\$	\$	\$	\$	\$
Balance as at 1 July 2019	194,976,507	(193,147,539)	638,126	(200,000)	2,267,094
Loss after income tax expenses for the half year	-	(1,758,012)	-	-	(1,758,012)
Other comprehensive income for the half year, net of tax	-	-	-	-	-
<b>Total comprehensive income/(loss) for the half year</b>	<b>-</b>	<b>(1,758,012)</b>	<b>-</b>	<b>-</b>	<b>(1,758,012)</b>
<b>Transactions with owners, recorded directly in Equity</b>					
<b>Contributions by Owners</b>					
Issue of ordinary shares pursuant to entitlement offer	485,796	-	-	-	485,796
Issue of ordinary shares pursuant to shortfall placement	460,000	-	-	-	460,000
Issue of ordinary shares pursuant to shortfall placement #2	910,000	-	-	-	910,000
Issue of ordinary shares pursuant to shortfall placement #3	144,204	-	-	-	144,204
Issue of ordinary shares pursuant to placement	6,200,000	-	-	-	6,200,000
Transaction costs relating to issue of ordinary shares	(1,062,707)	-	-	-	(1,062,707)
Share-based payments (to employees)	-	-	68,675	-	68,675
Share-based payments (to brokers)	-	-	451,407	-	451,407
<b>Total transactions with owners</b>	<b>7,137,293</b>	<b>-</b>	<b>520,082</b>	<b>-</b>	<b>7,657,375</b>
<b>Closing balance as at 31 December 2019</b>	<b>202,113,800</b>	<b>(194,905,551)</b>	<b>1,158,208</b>	<b>(200,000)</b>	<b>8,166,457</b>

*The Consolidated Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.*

**CONSOLIDATED CONDENSED STATEMENT  
OF CHANGES IN EQUITY**

for the half-year ended 31 December 2018

TALI DIGITAL LIMITED ABN 53 108 150 750

<b>For the six months ended 31 December 2018 Restated *</b>	<b>Issued Capital</b>	<b>Accumulated losses</b>	<b>Share Based Payment Reserve</b>	<b>Change in Fair value reserve</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance as at 1 July 2018	192,495,917	(190,203,096)	368,105	-	2,660,926
Loss after income tax expense for the half year	-	(1,748,045)	-	-	(1,748,045)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(1,748,045)</b>	<b>-</b>	<b>-</b>	<b>(1,748,045)</b>
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by owners</b>					
Issue of ordinary shares pursuant to private placement	2,785,692	-	-	-	2,785,692
Transaction costs relating to issue of ordinary shares	(305,102)	-	-	-	(305,102)
Share-based payments (to employees)	-	-	135,330	-	135,330
Share-based payments (to vendors)	-	-	100,000	-	100,000
<b>Total transactions with owners</b>	<b>2,480,590</b>	<b>-</b>	<b>235,330</b>	<b>-</b>	<b>2,715,920</b>
<b>Closing balance as at 31 December 2018</b>	<b>194,976,507</b>	<b>(191,951,141)</b>	<b>603,435</b>	<b>-</b>	<b>3,628,801</b>

\*See note 3 for details regarding the change in accounting policy

*The Consolidated Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.*

**CONSOLIDATED CONDENSED STATEMENT  
OF CASH FLOWS**

for the half-year ended 31 December 2019

TALI DIGITAL LIMITED ABN 53 108 150 750

	31 December 2019	31 December 2018 Restated *
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	22,583	120,162
Other revenue	913,063	1,283,096
Payments to suppliers and employees	(1,713,130)	(2,953,312)
Interest received	2,582	25,448
Net cash used in operating activities	(775,902)	(1,524,606)
<b>Cash flows from investing activities</b>		
Payments for Intangibles	(562,204)	-
Payments for Investments	-	(400,000)
Payments for plant and equipment	(2,389)	(132,941)
Proceeds from the disposal of equity investments	-	22,756
Net cash used in investing activities	(564,593)	(510,185)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares pursuant to private placement	8,200,000	2,785,692
Repayment of Borrowings	(455,292)	-
Repayment of lease liabilities	(67,656)	(22,241)
Share issue costs	(564,240)	(205,102)
Net cash used in financing activities	7,112,812	2,558,349
<b>Net increase in cash and cash equivalents</b>	<b>5,772,317</b>	<b>523,558</b>
Cash and cash equivalents at the beginning of the financial half year	341,434	1,201,898
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial half year	6,113,751	1,725,456

\*See note 3 for details regarding the change in accounting policy

TALI DIGITAL LIMITED ABN 53 108 150 750

**1 Reporting entity**

TALi Digital Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2019 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

**2 Statement of compliance**

The condensed consolidated interim financial statements are a general-purpose financial report which has been prepared in Australian dollars in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the financial report of the Group at 30 June 2019. This condensed consolidated financial report was approved by the Board of Directors on 20 February 2020.

**3 New or amended accounting standards and interpretations adopted**

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial report are consistent with those adopted and disclosed in the Group's 2019 annual financial statements for the financial year ended 30 June 2019. The accounting policies are consistent with Australian Accounting Standards and with international Financial Reporting Standards.

As at 30 June 2019 the consolidated entity elected to early adopt AASB 16 which was effective from 1 July 2018. As a result, a number of comparative notes have been restated to reflect the adoption of this standard from the effective date, which has impacted the 31 December 2018 results. The amounts restated only impact the 31 December 2018 results, but do not impact the 30 June 2019 results as the adoption was reflected in the financial statements for the year ended 30 June 2019.

The impact on the financial performance and position of the consolidated entity from the adoption of these Accounting Standards is detailed in note 12.

The following table show line items that were affected by the changes.

<b>Restatement of profit and loss and other comprehensive income (extract)</b>	31 December 2018 As originally presented	31 December 2018 Restated
	\$	\$
Occupancy expenses	(59,687)	(37,446)
Depreciation and amortisation	(182,738)	(204,966)
Net finance income/(expense)	21,509	17,771
Loss before income tax	<b>(1,745,893)</b>	<b>(1,748,045)</b>
Income tax expense	-	-
<b>Loss for the period</b>	<b>(1,745,893)</b>	<b>(1,748,045)</b>
<b>Restatement of cashflows</b>		
Net cash from operating activities	(1,546,847)	(1,524,606)
Net cash from financing activities	(2,580,590)	(2,558,349)

#### 4 Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, for the six-month period ended 31 December 2019, the group incurred a loss of \$1,758,012 (31 December 2018: loss of \$1,748,045) and the consolidated entity's position as at 31 December 2019 was as follows:

- The Group had cash reserves of \$6,113,751;
- The Group had negative operating cash flows of \$775,902 (31 December 2018: negative operating cash flows of \$1,524,606); and
- The Group had positive working capital at 31 December 2019 of \$5,516,066 (30 June 2019: negative working capital of \$177,500)

The Group's main activity is developing and commercialising the TALI products.

In the Directors opinion there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factor:

- The consolidated entity expects to generate sufficient trading revenue from the rollout of the TALI products to assist with meeting its operating costs.

TALI DIGITAL LIMITED ABN 53 108 150 750

**5 Revenue and other income**

	31 December 2019	31 December 2018
	\$	\$
<b>Revenue from contracts with customers</b>		
Sale of licenses	22,276	44,599
<b>Total revenue from contracts with customers</b>	<b>22,276</b>	<b>44,599</b>
<b>Other income</b>		
R&D tax incentive	40,929	36,394
Grant income	11,060	348,880
Other income	-	150,475
<b>Total other income</b>	<b>51,989</b>	<b>535,749</b>

**6 Issued capital and accumulated losses**

	31 December 2019	30 June 2019
<b>(i) Issued and paid up capital</b>		
749,305,218 (30 June 2019: 449,305,165) ordinary shares, fully paid	202,113,800	194,976,507

The following movements in ordinary shares were recorded during the half-year ended 31 December 2018.

	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	Number of shares	Number of shares	\$	\$
Balance brought forward as at 1 July	449,305,165	359,444,132	194,976,507	192,495,917
Transaction costs relating to issue of ordinary shares	-	-	(1,062,707)	(305,102)
Issue of shares pursuant to Entitlement Offer	48,579,677	-	485,796	-
Issue of shares pursuant to Shortfall	46,000,000	-	460,000	-
Issue of shares pursuant to Shortfall #2	91,000,000	-	910,000	-
Issue of shares pursuant to Shortfall #3	14,420,377	-	144,204	-
Issue of shares pursuant to placement	99,999,999	89,861,033	6,200,000	2,785,692
<b>Balance carried forward as at 31 December</b>	<b>749,305,218</b>	<b>449,305,165</b>	<b>202,113,800</b>	<b>194,976,507</b>

There were no dividends paid or proposed during the period ended 31 December 2019 or in the previous interim period. Holders of ordinary shares are entitled to one vote per share at shareholders' meetings and to receive any dividends as may be declared. In the event of winding up of the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

TALI DIGITAL LIMITED ABN 53 108 150 750

**(i) Accumulated losses**

	31 December 2019	30 June 2019
	\$	\$
Accumulated losses brought forward as at 1 July	(193,147,539)	(190,203,096)
Foreign Currency Translation Reserve Transfer	-	-
Loss for the period from continuing operations	(1,758,012)	(2,944,443)
Accumulated losses carried forward as at 31 December	(194,905,551)	(193,147,539)

**(ii) Share based payments**

For the six months ended 31 December 2019, share based payments expense amounted to \$68,675 (2018: \$135,330). New options that were issued during this half- year were as follows:

- 14,377,766 options were issued to the Managing Director, Glenn Smith the Tali Digital Right and Share Options Plan in relation to the 2017 long term incentive scheme. The options which have a \$0.03 exercise price, were issued in two tranches will vest on 3 October 2019 and 3 October 2020 respectively and will expire 3 October 2022. These options are subject to service conditions and performance hurdles up to the dates of vesting, after of which they can be exercised until the expiry date. The terms and conditions were set out in the notice of the annual general meeting dated 26 November 2019.
- 2,400,000 options were issued to staff under the Tali Digital Right and share Options Plan in relation to the 2017 long term incentive scheme. The options which have a \$0.015 exercise price, were issued in three tranches, will vest on 31 October 2020, 31 October 2021 and 31 October 2022 respectively and will expire 31 October 2024. These options are subject to service conditions and performance hurdles up to the dates of vesting, after of which they can be exercised until the expiry date.
- 3,785,507 options were issued to PAC Partners on 16 September 2019 who were engaged to provide services as lead manager to the rights issue and shortfall placement. The options were issued as part of the fee structure for the capital raising. These options are subject to service conditions and performance hurdles up to the dates of vesting, after of which they can be exercised until the expiry date. The terms and conditions were set out in the notice of the annual general meeting dated 26 November 2019.
- 7,188,883 options were issued to PAC Partners on 26 November 2019 who were engaged to provide advisory services in the placement of \$6,200,000 to institutional and sophisticated investors. The options were issued as part of the fee structure for the capital raising. The options have an \$0.09 exercise price and an expiry date of 30 June 2022.

**7 Events subsequent to balance date**

There has not arisen since the end of the half-year any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

There are no known significant contingent liabilities or contingent assets as at the date of this report.

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**8 Contingent liabilities and contingent assets**

There are no known significant contingent liabilities or contingent assets as at the date of this report.

**9 Investments****Current**

	<b>31 December 2019</b>	30 June 2019
	\$	\$
Financial assets classified at fair value through profit and loss	<b>1,530</b>	1,350

Investments in equity instruments are categorised as Level 1 within the fair value hierarchy and are valued using market observable rates, being quoted ASX stock prices.

**Non-Current****Ordinary Shares at fair value through OCI***Investments in equity instruments*

Balance at 1 July 2019	<b>800,000</b>
Additions	-
Changes in fair value recognised in other comprehensive income	-
Balance at 31 December 2019	<b>800,000</b>

Ordinary shares at fair value through OCI are categorised as Level 3 within the fair value hierarchy and are valued using a discounted cash flow model.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair	Growth rate	70-80%	5% change would increase/decrease fair value by \$360,000
Value through other comprehensive income	Discount rate	20-23%	1.00% change would increase/decrease fair value by \$12,000

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**10 Segment reporting****Information about reportable segments for the six months ended 31 December 2019**

	Research& Development 2019	Healthcare/ Workforce 2019	Investments 2019	Total 2019
	\$	\$	\$	\$
External revenues	22,276	-	-	22,276
Interest income	7,554	-	-	7,554
Other income	51,989	-	180	52,169
Profit/(loss) before tax	(1,758,192)	-	180	(1,758,012)
Profit/(loss) after tax	(1,758,192)	-	180	(1,758,012)
Segment assets	9,570,883	-	801,530	10,372,413

**Information about reportable segments for the six months ended 31 December 2018**

	Research& Development 2018	Healthcare/Workforce Management * 2018	Investments 2018	Total 2018
	\$	\$	\$	\$
External revenues	44,599	80,740	-	125,339
Interest income	21,509	-	-	21,509
Other income	535,274	-	475	535,749
Profit/(loss) before tax	(2,081,757)	333,662	51	(1,748,045)
Profit/(loss) after tax	(2,081,757)	333,662	51	(1,748,045)
Segment assets	3,739,154	46,195	1,003,826	4,789,175

The aggregate of the assets and profits for each segment is the Group total.

The Group comprises of the following two distinct business segments:

1. Research and Development – the operation of conducting health and medical research and development for commercialisation.
2. Investments – investing of excess funds in approved instruments including Australian equities.

\* Business discontinued

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**11 Discontinued Operations**

On 18 October 2018 Newly Pty Ltd, (subsequently renamed ACN 158 797 936 Pty Ltd) a fully owned subsidiary of Novita Healthcare, sold its entire business as a going concern. In consideration for the sale the consolidated entity received 600 fully paid shares at \$1,000 per share amounting to \$600,000 in Healthcairelink Group Pty Ltd, plus the right to earn out shares.

**Financial Performance Information**

	<b>31 December 2019</b>	31 December 2018
	\$	\$
Sales Revenue	-	80,740
Total Revenue	-	80,740
Personnel Expenses		(236,000)
Other Expenses	-	(86,331)
Total Expenses	-	(322,331)
Loss before income tax expense	-	(241,591)
Income tax expense	-	-
Loss after income tax expense	-	(241,591)
Gain on disposal after income tax expense	-	575,253
Profit/(loss) on disposal after Income tax from discontinued operations	-	333,662

**12 Lease liabilities**

<b>Maturity analysis – contractual undiscounted cash flows</b>	<b>31 December 2019</b>	31 December 2018 Restated
	\$	\$
Less than one year	<b>140,015</b>	140,378
One to five years	<b>120,724</b>	260,739
More than five years	-	-
<b>Total undiscounted lease liability at 31 December</b>	<b>260,739</b>	395,117
<b>Lease liabilities included in the statement of financial position at 31 December 2019</b>	<b>265,787</b>	362,804
Current	<b>129,077</b>	116,243
Non-current	<b>136,710</b>	246,561
<b>Amounts recognised in profit or loss</b>	<b>2019</b>	2018
	\$	\$
Interest on lease liabilities	<b>(8,442)</b>	(3,738)
<b>Amounts recognised in the statement of cash flows</b>	<b>2019</b>	2018
	\$	\$
Total cash outflow for leases	<b>(67,565)</b>	(22,241)

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**13 Deferred Income**

	<b>31 December 2019</b>	31 December 2018
	\$	\$
<b>R&amp;D Incentive &amp; Grant Income</b>		
Current	<b>170,463</b>	72,789
Non-Current	<b>1,269,608</b>	382,140
<b>Total Deferred Income</b>	<b>1,440,071</b>	454,929

Due to the capitalisation of the related expenditure as intangible assets, the R&D incentive and CRC-P grant received are treated as deferred income and are being recognised as income over the intangible assets amortisation period.

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**Directors' declaration**

In the opinion of the directors of TALi Digital Limited ('the Company'):

- (a) the condensed financial statements and notes set out on pages 14 to 21, 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 six month period ended on that date; and
  - (ii) complying with Australian 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

Dated at Melbourne this 20th day of February 2020.

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



Sue MacLeman  
Chair

# Independent Auditor's Report

## To the Directors of TALi Digital Limited

### Report on the review of the half year financial report

#### Conclusion

We have reviewed the accompanying half year financial report of TALi Digital Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of TALi Digital Limited does not give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

#### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company'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 TALi Digital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 20 February 2020