



HALF-YEAR Report
30 JUNE 2023

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The information contained in this document should be read in conjunction with Talius Group Limited's public announcements made in accordance with the continuous disclosure obligations arising from the Corporations Act 2001 and the ASX Listing Rules.

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of Talius Group Limited ("Talius" or "Company"), formerly HSC Technology Group Ltd, and the entities it controlled (together referred to as the "Consolidated Entity" or "Group") at the end of, or during, the half year ended 30 June 2023.

DIRECTORS

The following persons were directors of Talius Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Name	Position	Period of Directorship
Graham Russell	Managing Director	Appointed 3 December 2019
Ramsay Carter	Non-Executive Director	Appointed 16 June 2020
Leylan Neep	Non-Executive Chairman	Appointed 1 September 2020

PRINCIPAL ACTIVITIES

Talius provides a suite of technology enabled care solutions to the aged and disability sectors, across multiple verticals including retirement living, residential aged care, home, and community settings to improve the quality of life, later in life.

Talius' Software as a Service (SaaS) data analytics platform Talius Smart Care combines smart sensors with AI machine learning that delivers automated actions. Talius links awareness, analysis, and action through one platform allowing the care model to move from spot check care to sense-respond care. Talius helps protect and connect our elderly and people with disabilities with a scalable healthcare technology platform integrated with leading third-party providers to ensure end-to-end solutions for Connected Health.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not subject to any significant environmental regulation under Australian Commonwealth or State law.

REVIEW OF OPERATIONS

Revenue

The Company generates revenue from hardware sales and ongoing software subscriptions. During the half year ended 30 June 2023, Talius reported a strong financial performance, recording over \$6 million in revenue - a 172% increase from the previous year's first half.

This increase is primarily attributed to sales made to key clients such as Chubb/VitalCall, Keyton Retirement Villages (previously known as Lendlease's Retirement Living), and Uniting NSW.ACT's Retirement Living division.

In February 2023, Talius announced a significant order from Keyton Retirement Villages for 5,000 units and additional peripherals, valued at approximately \$2.8 million. A subsequent order in June was for 3,100 units, amounting to around \$1.3 million.

Furthermore, the quarter ending 30 June 2023 marked the Company's third straight quarter of positive operational cash flow.

Subscription growth

Talius continues to witness encouraging growth in subscriptions on the Talius Smart Care Platform, with numbers for the half surpassing the 22,000 level, representing 56% growth in subscriptions on the prior period. This growth stems from the effective integration of new customers following the conclusion of various projects and recent sales.

The Company remains optimistic about sustaining this positive trend in subscriptions. As more project sites become operational, we anticipate our customer base to grow even further.

Projects

During the period, Talius progressed with the deployment of assistive technology solutions for major project partners, notably at ACH Group's new 'Healthia' site and the two Australia Unity sites in Victoria, situated at Albert Road, South Melbourne, and Walmsley, Kilsyth.

Talius was named as a recipient of the Aged Care Research and Industry Innovation Australia (ARIIA) grants program. The grant was awarded to a consortium for a feasibility study to prevent falls in residential aged care using the Talius Smart Care Platform and will be known as the Building Excellence (in) Sensor Technology: Clinical Assessment Response Experience (BEST CARE) project. As part of the consortium, Talius will be partnering with innovative aged care provider, Whiddon; our research partner – CSIRO; and aged care specialists - Anchor Excellence.

Research and Development

Talius advanced the development of its Smart Care Platform by incorporating numerous enhancements and refining its technological offerings. There is a heightened emphasis on refinement and reporting of data to assist our clients in their compliance with the Mandatory Quality Indicators Program (QI Program) as set down by the Department of Aged Care and Health.

The Talius R&D team has been diligently working to streamline the platform, simplifying the onboarding process for new customers and devices, and seamlessly integrating data with health records, medication management, and third-party systems.

Talius continues to investigate prospective licensing opportunities, specifically in the form of Platform as a Service (PaaS), with the aim of broadening its market reach and maximising the potential of the platform's strengths. The flexibility of the Talius Platform, in conjunction with its hardware-agnostic attributes, allows it to cater to a multitude of sectors, thereby unlocking a wealth of growth opportunities and capabilities.

Corporate name change and rebranding

During the period, the Company completed its corporate renaming and rebranding exercise. Following shareholder approval at the Annual General Meeting held in May 2023, the Company has changed its name from 'HSC Technology Group Ltd' to '**Talius Group Limited**'. It also subsequently changed its ASX ticker from 'HSC' to '**TAL**'.

This rebranding is an exciting step forward, reflecting our strategic focus and operational activities more accurately. This renaming is in alignment with the Board's goal to position Talius as a leading innovator in the aged, health care and disability sectors, whilst paving the way for continued expansion and success. It further aligns with our stated journey towards SaaS and PaaS.

Final tranche of milestone shares

On 2 March 2023 the Company issued and sought the quotation of 50,000,000 Ordinary Shares representing the Fourth and Final Tranche of the Milestone Shares which made up part of the Deferred Consideration payable to the Homestay Shareholders under the Acquisition announced 10 May 2018 which was triggered on cumulative revenue of \$12 million being achieved.

The Board and Management is pleased to now have concluded Talius' obligations in this regard, further simplifying the capital position of the Company and removing inherited legacy issues from the previous Board and Management.

FINANCIAL RESULTS

The Group's revenues increased substantially during HY2023 to \$6,010,867, an increase of 172% on HY2022. Revenue performance was driven by:

- increasing hardware sales with major orders from Chubb / VitalCall, Keyton Retirement Villages and Uniting NSW.ACT's Retirement Living division;
- 56% growth in subscriptions revenue on the Talius Smart Care Platform on the prior period; and
- the continuation of major contracts with Australian Unity and ACH Group.

The Group's total loss for the HY2023 was \$289,968, an improvement of 49% on the HY2022 loss of \$569,550. The key movements compared to the prior year were:

- A \$358,258 increase in gross profit (revenues less cost of sales) resulting from higher revenues. Hardware margin percentages fell compared to the prior period on account of more attractive pricing offered on hardware sale to large customers to secure ongoing software subscriptions. Software subscriptions grew from 12,000 in June 2022 to over 22,000 in June 2023.
- Employee and consultant costs (including share based payments) increased 14% as Talius continued to invest in team resources to strengthen our business development team, technical support, and corporate services to set a strong foundation for future expected growth;
- Marketing, property, and administrative/corporate costs were consistent with prior period;
- Amortisation and depreciation expense fell 42% with the remaining balance of historical intangible licence assets amortising in full during the prior year.

Net cash inflows from operations were \$291,781 (HY2022: outflows of \$1,655,188).

The net asset position of the Group at 30 June 2023 was \$3,504,108. The Group's net working capital (current assets less current liabilities) is a surplus of \$3,308,705.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes during the period.

LIKELY DEVELOPMENTS AND FUTURE OPERATIONS

The Company will continue to develop and commercialise its assistive technology enabled care solutions to the aged and disability sectors, across multiple verticals including retirement living, residential aged care, home, and community settings.

After considering external factors such as the shut-down of the 3G telecommunications network and the final report from the Royal Commission into Aged Care, the Company expects continuing strong growth in the use of assistive technology.

The Company earns revenue through hardware sales and recurring software subscriptions. As subscriptions on its Talius Smart Care Platform continue to grow, the Company expects recurring SaaS revenue to increase as part of the overall revenue mix.

The Company will consider expanding the application of its SaaS solutions to other markets such as health care, and also consider the licensing of Talius as a 'platform as a service'.

BUSINESS RISKS

Talius is subject to risks a number of which may have a material adverse effect on operating and financial performance. Talius' Risk Management Policy can be found on its website. It is not possible to identify every risk that could affect the business or shareholders and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise or have a material adverse effect on business strategies, assets or future performance of Talius. A non-exhaustive list (in no particular order) of material risks and relevant mitigation strategies implemented by the Company are set out below.

Risk	Description and potential impact	Strategies used to mitigate the risk
Pandemic	Pandemics, such as Covid-19, may impact the Company's revenue and operations. The Company sells products and services to aged care providers who continue to experience operational challenges which may impact the pace at which implementation decisions are made in the aged care industry.	The Company's revenue mix is diversified across customer segments including residential aged care, retirement villages, and home care which may mitigate the impact a pandemic has on different industry groups.
Product quality	The Company may experience product failure, or customer dissatisfaction with its hardware solutions or software platform which may impact operations, reputation and have a detrimental impact on financial performance.	<p>The Company implements quality control processes and ensures appropriate testing and monitoring of products to ensure a high standard of safety and efficacy.</p> <p>The Company also maintains product liability insurance.</p>
Funding	<p>The Company may need to raise additional funds (debt or equity) to support its ongoing operations or implement its strategies. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time.</p> <p>Inability to obtain sufficient funds may result in the delay or cancellation of certain activities which would likely adversely affect Talius' growth.</p>	The Company actively manages its capital requirements and maintains close relationships with its existing investor base, as well as exploring both equity and debt new sources of capital should the need to raise additional funds arise.
Technology	The Company is reliant to a certain degree on third party developers, systems, and networks. Changes to the supply of platforms or hardware may impact operations and have a detrimental impact on financial performance.	<p>The Company's supplier agreements include protections for continuation of service.</p> <p>The Company has a diverse product range to minimise third party reliance, as well as continually monitoring the market for alternative suppliers.</p>
Data security	<p>The Company may experience a data breach or failure, or be the target of a cyber-attack, which may affect its operations as well as reputation.</p> <p>There is a risk that the collection, usage management of customer data is not consistent with regulatory obligations.</p>	<p>The Company has strategies and protections in place to mitigate security breaches and to protect data.</p> <p>The Company also has Cyber security insurance to mitigate potential financial losses.</p>

People	<p>The Company may lose key executives.</p> <p>The Company operates in a competitive environment in relation to attracting software development and technical personnel.</p> <p>The loss of key staff or the inability to attract personnel may adversely affect the Company's operations.</p>	<p>Identification of key people and the implementation of appropriate staff training as well as succession plans.</p> <p>The Company offers incentives and career development opportunities for key executives and senior management.</p>
Product innovation and competition	<p>Competitors may bring superior products or platforms to the market which may result in a loss of market share. Products and technologies developed by competitors may render the Company's product and platform obsolete or non-competitive.</p>	<p>The Company continuously monitors market developments and new products.</p> <p>Talius continues to invest in its platform development to improve its intellectual property and services.</p>
Intellectual property infringement	<p>The Talius Platform has been developed in-house and the Company is exposed to the risk of its proprietary know-how being misappropriated and Competitors using this information to disrupt the Company's market share.</p>	<p>In addition to network and product security measures, there are contractual protections included in our customer agreements, and where necessary confidentiality agreements are in place with parties with access to our know-how.</p>
Interruption to product supply	<p>The Company imports a range of hardware products from overseas markets, and these suppliers may suffer materials shortages which may cause disruption and delays to the Company's operations and revenue generation. While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required.</p>	<p>The Company works closely with customers and suppliers to identify supply requirements.</p> <p>The Company maintains an appropriate level of inventory as a buffer for supply chain interruptions. The Company keeps abreast of alternative suppliers for its hardware, should the need to change supplier arise.</p>

EVENTS AFTER REPORTING DATE

There have been no events since 30 June 2023 that impact upon the financial report.

DIVIDENDS

No dividends were paid or declared during the financial period.

ROUNDING

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration on page 10 forms part of the Directors' Report.

Signed in accordance with a resolution of the board of directors of Talius Group Limited.

A handwritten signature in black ink, appearing to read 'G Russell'.

Graham Russell
Managing Director
29 August 2023



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DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF TALIOUS GROUP LIMITED

As lead auditor for the review of Talius Group Limited for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in dark ink, appearing to read 'T R Mann', with a long horizontal flourish extending to the right.

T R Mann
Director

BDO Audit Pty Ltd

Brisbane, 29 August 2023

Consolidated Statement of Comprehensive Income
For the half-year ended 30 June 2023

	Note	6 months ending June 2023 \$	6 months ending June 2022 \$
Revenue	3	6,010,867	2,213,026
Other income		162,194	-
Cost of sales		(4,384,290)	(944,707)
Amortisation and depreciation expense		(51,156)	(87,506)
Consulting fees		(237,602)	(120,918)
Employee benefits expenses		(1,208,417)	(1,093,401)
Marketing expenses		(113,797)	(75,702)
Property expenses		(871)	(5,376)
Finance costs		(21,168)	(16,821)
Share based payments		(163,475)	(108,714)
Impairment of receivables		18,664	-
Other expenses		(300,917)	(329,431)
Loss before income tax		(289,968)	(569,550)
Income tax		-	-
Loss after income tax		(289,968)	(569,550)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences for foreign operations		-	12,924
Other comprehensive income, net of tax		-	12,924
Total comprehensive income		(289,968)	(556,626)
Loss per share		Cents	Cents
Basic and diluted loss per share		(0.01)	(0.03)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position
As at 30 June 2023

	Note	June 2023 \$	December 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		992,346	825,813
Trade and other receivables		988,093	1,456,755
Inventories	4	3,566,013	4,282,096
Other current assets		296,597	234,801
TOTAL CURRENT ASSETS		5,843,049	6,799,465
NON-CURRENT ASSETS			
Plant and equipment		46,710	42,418
Intangible assets		112,691	14,560
Right-of-use assets		171,809	207,493
TOTAL NON-CURRENT ASSETS		331,210	264,471
TOTAL ASSETS		6,174,259	7,063,936
CURRENT LIABILITIES			
Trade and other payables		2,072,347	2,809,487
Contract liabilities		191,597	304,413
Borrowings	5	102,487	-
Short-term provisions		88,988	70,607
Lease liabilities		78,925	69,396
TOTAL CURRENT LIABILITIES		2,534,344	3,253,903
NON-CURRENT LIABILITIES			
Lease liabilities		135,807	179,432
TOTAL NON-CURRENT LIABILITIES		135,807	179,432
TOTAL LIABILITIES		2,670,151	3,433,335
NET ASSETS		3,504,108	3,630,601
EQUITY			
Contributed capital	6	17,753,233	17,753,233
Reserves	7	1,331,714	1,212,144
Accumulated losses		(15,580,839)	(15,334,776)
TOTAL EQUITY		3,504,108	3,630,601

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity For the half year ended 30 June 2023

	Contributed Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Reserve \$	Total \$
Balance at 1 January 2022	16,205,123	(13,809,408)	1,069,625	(1,230)	3,464,110
Transactions with owners in their capacity as owners					
Issue of share capital	1,500,000	-	-	-	1,500,000
Capital raising costs	(26,700)	-	-	-	(26,700)
Share based payments	-	-	108,715	-	108,715
Transfer of expired performance rights and options	-	95,183	(95,183)	-	-
Total	1,473,000	95,183	13,532	-	1,789,626
Comprehensive income					
Loss after income tax	-	(569,550)	-	-	(569,550)
Foreign currency translation differences for foreign operations	-	-	-	12,924	12,924
Total comprehensive income	-	(569,550)	-	12,924	(556,626)
Balance at 30 June 2022	17,678,423	(14,283,775)	1,083,157	11,694	4,489,498
Balance at 1 January 2023	17,753,233	(15,334,776)	1,212,144	-	3,630,601
Transactions with owners in their capacity as owners					
Share based payments	-	-	163,475	-	163,475
Transfer of expired performance rights and options	-	43,905	(43,095)	-	-
Total	-	43,095	119,570	-	163,475
Comprehensive income					
Loss after income tax	-	(289,968)	-	-	(289,968)
Total comprehensive income	-	(289,968)	-	-	(289,968)
Balance at 30 June 2023	17,753,233	(15,580,839)	1,331,714	-	3,504,108

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows
For the half-year ended 30 June 2023

	6 months ending June 2023 \$	6 months ending June 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	6,668,673	2,096,855
Payments to suppliers and employees (inclusive of GST)	(6,532,074)	(3,735,428)
Interest received	183	206
Grant income received	176,168	-
Finance costs	(21,168)	(16,821)
Net cash used in operating activities	291,781	(1,655,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant & equipment	(15,129)	(31,649)
Payments for intangible assets	(51,715)	(8,000)
Net cash used in investing activities	(66,844)	(39,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,500,000
Cost associated with the issue of shares	-	(26,700)
Repayment of borrowings (insurance financing)	(24,309)	-
Lease principal payments	(34,096)	(15,070)
Net cash provided by/(used in) financing activities	(58,405)	1,458,230
Net increase/(decrease) in cash and cash equivalents held	166,532	(236,607)
Cash and cash equivalents at the beginning of the financial period	825,813	1,747,890
Cash and cash equivalents at the end of the financial period	992,346	1,511,283

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting Entity**

Talius Group Limited (the “Company”), formerly HSC Technology Group Ltd, is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2023 comprises the Company and its controlled entities (together referred to as the “Consolidated Entity”).

(b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Company is a for-profit entity for the purpose of preparing the interim financial report. The 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 consolidated annual financial report of the Consolidated Entity as at and for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(c) Going Concern

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

As presented in the financial statements, the entity incurred a loss before comprehensive income of \$289,968 for the half-year ended 30 June 2023. However, during the period the entity generated cashflows from operations of \$291,781 had net current assets of \$3,308,705.

Having prepared and evaluated forecasts for the period covering at least 12 months from the date of this report, incorporating assumptions about forecast sales levels based on known sales orders at the date of this report, the Directors are confident that the entity will continue as a going concern, and that it is therefore appropriate to adopt the going concern basis in the preparation of the financial report.

New Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time during the year, but these changes did not have an impact on the Consolidated Entity's financial statements and hence, have not been disclosed. The Consolidated Entity has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity has assessed the impact of these new standards and interpretations and does not expect that there would be a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2 SEGMENT REPORTINGReportable Segments

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources.

Management currently identifies the Consolidated Entity as having only one reportable segment, providing technology enabled care solutions to the aged and disability sectors in Australia. The financial results from this segment are equivalent to the financial statements of the consolidated entity. All assets are located in Australia.

NOTE 3 REVENUES

	6 months ending June 2023 \$	6 months ending June 2022 \$
Software revenue	698,514	449,166
Hardware sales	5,312,170	1,763,654
Interest revenue	183	206
Total revenue	6,010,867	2,213,026

Software revenue incorporates hardware sales and ongoing fixed-price monthly access subscription software as a service style contracts (SAAS).

Revenue from the sale of term (subscription) licences are recognised over time on a straight-line basis over the subscription term.

NOTE 4 INVENTORIES

	June 2023 \$	December 2022 \$
Aged care specialist sensors	4,016,029	4,732,112
Provision for diminution	(450,016)	(450,016)
	3,566,013	4,282,096

Inventories are aged care specialist sensors that are utilised as part of the software services provided to customers. Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

NOTE 5 BORROWINGS

Insurance financing	102,487	-
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Insurance financing is unsecured. The facility has an interest rate of 10.52% per annum and expires in February 2024.

NOTE 6 CONTRIBUTED CAPITAL

	June 2023 \$	December 2022 \$
2,278,639,337 fully paid ordinary shares (December 2022: 2,228,639,337)	17,753,233	16,205,123

Ordinary Shares

	June 2023 \$	December 2022 \$	June 2023 #	December 2022 #
At the beginning of the year	17,753,233	16,205,123	2,228,639,337	1,972,739,337
Issue of Second Milestone Shares ¹	-	-	-	50,000,000
Placement of shares at \$0.01 per share ²	-	1,500,000	-	150,000,000
Issue of Third Milestone Shares ¹	-	-	-	50,000,000
Conversion of Performance Rights ³	-	74,810	-	5,900,000
Issue of Fourth Milestone Shares ¹	-	-	50,000,000	-
Share issue costs	-	(26,700)	-	-
At reporting date	17,753,233	17,753,233	2,278,639,337	2,228,639,337

Notes

- Shares issued as deferred consideration to the vendors of HomeStay Care International Pty Limited. 50,000,000 shares were issued on each of the following milestones being achieved:
 - Cumulative revenue of \$3,000,000 within 36 months of the date of readmission to the ASX (Milestone 1)
 - Cumulative revenue of \$6,000,000 within 48 months of the date of readmission to the ASX (Milestone 2)
 - Cumulative revenue of \$9,000,000 within 54 months of the date of readmission to the ASX (Milestone 3)
 - Cumulative revenue of \$12,000,000 within 60 months of the date of readmission to the ASX (Milestone 4)
- 1,500,000 shares issued through a share placement at \$0.01 per share.
- Conversion of performance rights to ordinary shares at a range of \$0.011 to \$0.013 per share

OPTIONS

Details of options issued, exercised and expired during the financial period, and as at the end of the reporting period are set out below:

Grant Date	Expiry Date	Exercise Price	Movements			
			31 December 2022	Issued	Exercised	Lapsed 30 June 2023
13-Nov-18	13 Nov 2023	\$0.03	80,000,000	-	-	- 80,000,000
28-May-19	1 Feb 2023	\$0.07	4,000,000	-	-	(4,000,000) -
14-Jan-20	3 Feb 2023	\$0.02	10,000,000	-	-	(10,000,000) -
			94,000,000	-	-	(14,000,000) 80,000,000

NOTE 7 RESERVES

	June 2023 \$	December 2022 \$
Share based payment reserve	1,331,714	1,212,144

The share based payments reserve is used to record the value of share based payments provided to employees as part of their remuneration and to consultants for services provided.

NOTE 8 SHARE BASED PAYMENTS**Performance Rights**

The Company has granted performance rights to directors, employees and consultants. Each equity-settled performance right which vests and is exercised converts to an ordinary share in the Company at nil exercise price. The performance rights are not quoted on the ASX. Performance rights granted carry no dividend or voting rights.

Details of performance rights issued, exercised and expired during the half-year are set out below:

Grant Date	Vesting Date	Expiry Date	Tranche #	Movements				30 June 2023
				31 December 2022	Issued	Exercised	Lapsed	
15-Jun-20	15-Jun-22	15-Jun-25	Director 2	15,000,000	-	-	-	15,000,000
22-Mar-22	31-Dec-22	31-Dec-25	Employee 3	1,000,000	-	-	-	1,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Employee 4	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-24	31-Dec-27	Employee 5	3,000,000	-	-	-	3,000,000
22-Mar-22	31-Dec-23	31-Dec-26	Employee 6	3,000,000	-	-	(3,000,000)	-
22-Mar-22	31-Dec-24	31-Dec-27	Employee 7	3,000,000	-	-	(3,000,000)	-
19-May-22	31-Dec-22	31-Dec-25	Director 5	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-23	31-Dec-26	Director 6	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-24	31-May-27	Director 7	8,000,000	-	-	-	8,000,000
19-May-22	31-Dec-22	31-Dec-25	Director 8	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-23	31-Dec-26	Director 9	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-24	31-May-27	Director 10	4,000,000	-	-	-	4,000,000
19-May-22	31-Dec-22	31-Dec-25	Director 11	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-23	31-Dec-26	Director 12	3,000,000	-	-	-	3,000,000
19-May-22	31-Dec-24	31-May-27	Director 13	4,000,000	-	-	-	4,000,000
28-Jul-22	31-Dec-23	31-Dec-26	Employee 8	3,000,000	-	-	-	3,000,000
28-Jul-22	31-Dec-24	31-Dec-27	Employee 9	3,000,000	-	-	-	3,000,000
15-Dec-22	31-Dec-23	31-Dec-26	Employee 10	13,000,000	-	-	(4,000,000)	9,000,000
15-Dec-22	31-Dec-24	31-Dec-27	Employee 11	13,000,000	-	-	(4,000,000)	9,000,000
04-Apr-23	31-Dec-23	31-Dec-26	CFO 1	-	3,000,000	-	-	3,000,000
05-Apr-23	19-Sep-23	31-Oct-23	Consultant 2	-	1,500,000	-	-	1,500,000
22-May-23	31-Dec-23	31-Dec-26	Employee 12	-	1,000,000	-	-	1,000,000
22-May-23	31-Dec-24	31-Dec-27	Employee 13	-	1,000,000	-	-	1,000,000
				100,000,000	6,500,000	-	(14,000,000)	92,500,000

NOTE 8 SHARE BASED PAYMENTS (continued)

The following performance rights Tranches have vested and were exercisable at 30 June 2023:

Tranche	Number of vested and exercisable rights
Director 2	15,000,000
Employee 3	1,000,000
Director 5	4,000,000
Director 8	3,000,000
Director 11	3,000,000
	<u>26,000,000</u>

Performance Rights Vesting Conditions

Tranche "Director 2" rights vest and become exercisable into shares upon the 20-day volume weighted average price of shares being at least \$0.02 per share on or before 15 June 2022 together with continued service to that date. Both conditions have been met and the rights have vested and are exercisable.

Tranches "Director 7", "Director 10" and "Director 13" rights vest and become exercisable into shares upon the 5-day volume weighted average price of shares being at least \$0.03 per share on or before 31 December 2024 together with continued service to that date.

All other tranches vest upon continuing service by the recipient until the vesting date noted in the above table.

Fair value of performance rights granted during the period

The assessed fair value at the date of grant of performance rights issued is determined using an option pricing model that takes into account the exercise price, the underlying share price at the time of issue, the term of the performance right the underlying share's expected volatility, expected dividends and the risk free interest rate for the expected life of the instrument. The value of the performance rights were calculated using the inputs shown below:

Inputs into pricing model	CFO 1	Consultant 2	Employee 12	Employee 13
Grant date	4 April 2023	5 April 2023	22 May 2023	22 May 2023
Exercise price	Nil	Nil	Nil	Nil
Vesting date	31 December 2023	19 September 2023	31 December 2023	31 December 2024
Vesting conditions	Continuing service up to vesting date	Continuing service up to vesting date	Continuing service up to vesting date	Continuing service up to vesting date
Share price at grant date	\$0.011	\$0.011	\$0.012	\$0.012
Expiry date	31 December 2026	31 October 2023	31 December 2026	31 December 2027
Life of the instruments	3.7 years	0.6 years	3.6 years	4.6 years
Share price volatility	112%	93%	130%	127%
Expected dividends	Nil	Nil	Nil	Nil
Risk free interest rate	2.89%	3.53%	3.31%	3.33%
Pricing model	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Fair value per instrument	\$0.011	\$0.011	\$0.012	\$0.012

NOTE 9 CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2023 (December 2022: \$Nil).

NOTE 10 EVENTS AFTER BALANCE DATE

There have been no events since 30 June 2023 that impact upon the financial report.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'G Russell'.

Graham Russell
Managing Director
29 August 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Talius Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Talius Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

BDO Audit Pty Ltd



T R Mann
Director

Brisbane, 29 August 2023

TALIUS GROUP LIMITED CORPORATE INFORMATION

DIRECTORS

Leylan Neep (Executive Chairman)
Graham Russell (Executive Director)
Ramsay Carter (Non-Executive Director)

COMPANY SECRETARY

Stephen Rodgers

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COUNTRY OF INCORPORATION

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