



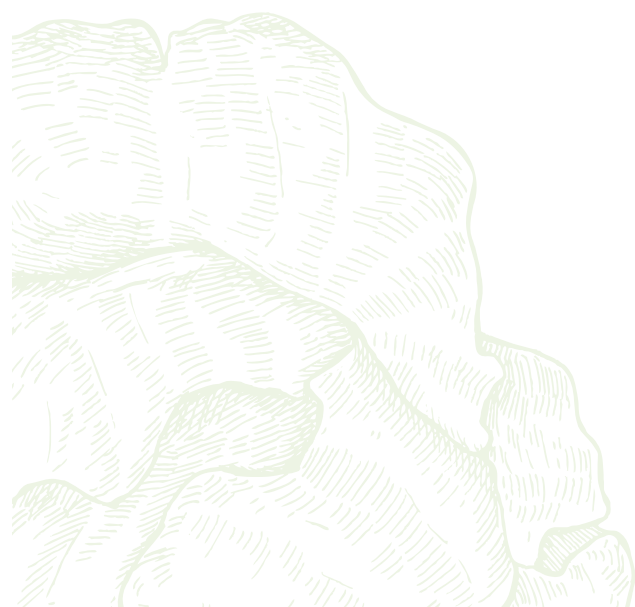
ROTOGRO

Roto-Gro International Limited

ABN 84 606 066 059

Interim Financial Report and Appendix 4D

31 December 2020



Roto-Gro International Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Roto-Gro International Limited
ABN:	84 606 066 059
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	100% to	-
Loss from ordinary activities after tax attributable to the owners of Roto-Gro International Limited	down	48.3% to	(1,774,405)
Loss for the half-year attributable to the owners of Roto-Gro International Limited	down	48.3% to	(1,774,405)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,774,405 (31 December 2019: \$3,434,772).

Included in this figure is depreciation and amortisation expense of \$383,136 (December 2019: \$576,008).

A summary of the consolidated entities activity during the period is as follows:

- Executed a AUD\$10m Technology Licence Agreement with Verity Greens Inc., launching the Company's entry into the global perishable foods market;
- Executed a Purchase and Sale Agreement with Canniberia LDA for AUD\$2.03m;
- Executed a Growing Management Services Agreement with Canniberia LDA which provides for a net profit share of 25% of the EBITDA earned from all sales of lawful cannabis flower cultivated at Canniberia's facility;
- Securing funds from the issue of a convertible note for \$1.25m and from a placement for \$1.53m (before transaction costs); and
- Statement of Claim issued against RavenQuest BioMed Inc. and others for patent infringement.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.78	1.93

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

All foreign entities of the consolidated entity report under International Financial Reporting Standards.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Roto-Gro International Limited for the half-year ended 31 December 2020 is attached.

Roto-Gro International Limited
Appendix 4D
Half-year report

12. Signed

Signed  _____

Michael Carli
Executive Chairman

Date: 26 February 2021

Roto-Gro International Limited
Corporate directory
31 December 2020

Directors	Mr Michael Carli (Non-Executive Chairman) Mr Michael Di Tommaso (Executive Director and Chief Executive Officer) Mr Terry Gardiner (Non-Executive Director) Mr Matthew O'Kane (Non-Executive Director)
Chief Executive Officer	Michael Di Tommaso
Company secretary / CFO	Melanie Leydin
Registered office / principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205
Share register	Computershare Investor Services Pty Limited 452, Johnston Street Abbotsford VIC 3067 Telephone: +61 394155000 Fax: +61 394732500 Website: https://www.computershare.com/au/Pages/contact-us.aspx
Auditor	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
Stock exchange listing	Roto-Gro International Limited shares are listed on the Australian Securities Exchange (ASX code: RGI)
Website	https://www.rotogro.com/

Roto-Gro International Limited
Directors' report
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Roto-Gro International Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Roto-Gro International Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Michael Carli (Non-Executive Chairman)
Mr Michael Di Tommaso (Executive Director and Chief Executive Officer) (appointed Chief Executive Officer on 25 January 2021)
Mr Terry Gardiner (Non-Executive Director)
Mr Jamie Myers (Non-Executive Director) (resigned on 30 November 2020)
Mr Matthew O'Kane (Non-Executive Director) (appointed on 30 November 2020)
Mr Adam Clode (Chief Executive Officer) (ceased employee position on 25 January 2021)

Principal activities

The principal activity of the consolidated entity during the financial period was the production and sale of patented and proprietary hydroponic Rotational Garden Systems ("RotoGro Garden Systems") and the sale and production of advanced automated nutrient delivery and water management systems ("Fertigation Systems").

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,774,405 (31 December 2019: \$3,434,772).

Included in this figure is depreciation and amortisation expense of \$383,136 (December 2019: \$576,008).

A summary of the consolidated entities activity during the period is included in the Appendix 4D attached.

Significant changes in the state of affairs

On 16 July 2020 Roto-Gro International Limited announced the lapse of 1,000,000 Class A Hanson Performance Shares as they have not met their performance conditions.

On 31 December 2020 Roto-Gro International Limited announced the lapse of 1,000,000 Class D Hanson Performance Shares as they have lapsed.

On 4 August 2020 Roto-Gro International Limited announced the execution of two Convertible Securities Agreements with Obsidian Global GP, LLC (Obsidian) for the investment by Obsidian of a total of up to AU\$1.25 million in the Company in two tranches in exchange for convertible notes issued by the Company, convertible into RGI fully paid ordinary shares. The funds raised are to be used for the Company's general corporate and working capital purposes required at the time. The full \$1.25 million was received and largely repaid by 31 December 2020, and the following share issues were completed in the period in relation to the Obsidian convertible notes agreement:

- On 9 August 2020, the Company issued 307,061 fully paid ordinary shares at a deemed issue price of \$0.04070864 per share (Commitment Shares) and 2,000,000 fully paid ordinary shares at a deemed issue price of \$0.075 per share (Collateral Shares), to Obsidian Global GP, LLC (Obsidian) in accordance with an agreement dated 31 July 2020 contemplating an investment by Obsidian of \$250,000 in exchange for the issue of the Tranche 1 Notes.
- On 6 October 2020 the Company issued 90,306 fully paid ordinary shares at a deemed issue price of \$0.0443 per share (Ordinary Shares) as a monthly amortisation payment per the Agreement to Obsidian.
- On 18 October 2020, the Company issued 1,123,451 fully paid ordinary shares at a deemed issue price of \$0.04450574 per share (Commitment Shares) and 4,737,750 fully paid ordinary shares at a deemed issue price of \$0.075 per share (Collateral Shares), to Obsidian in accordance with the issue of the Tranche 2 Notes.

Roto-Gro International Limited
Directors' report
31 December 2020

- On 6 November 2020, the Company issued 843,839 fully paid ordinary shares at a deemed issue price of \$0.039746 per share (Ordinary Shares) as an amortisation payment per the Agreement to Obsidian
- On 19 November 2020, the Company issued 942,522 fully paid ordinary shares at a deemed issue price of \$0.039746 per share (Ordinary Shares) as an amortisation payment per the Agreement to Obsidian Global GP, LLC (Obsidian).
- On 30 November 2020, the Company issued 1,256,699 fully paid ordinary shares at a deemed issue price of \$0.039172 per share (Commitment Shares) and 2,395,367 fully paid ordinary shares at a deemed issue price of \$0.040 per share (Collateral Shares), to Obsidian Global GP, LLC (Obsidian) in accordance with an agreement dated 31 July 2020.
- On 2 December 2020, the Company issued 4,057,893 fully paid ordinary shares at a deemed issue price of \$0.040 per share as settlement of convertible note payment for Tranche 2 convertible notes in accordance with the Tranche 2 Convertible Securities Purchase Agreement dated 31 July 2020 (Agreement) between the Company and Obsidian Global GP, LLC.
- On 8 December 2020, the Company issued 10,295,396 fully paid ordinary shares of \$0.040 per share as settlement of convertible note payment for Tranche 2 convertible notes in accordance with the Tranche 2 Convertible Securities Purchase Agreement dated 31 July 2020.
- On 18 December 2020, the Company issued 6,130,141 fully paid ordinary shares of \$0.040 per share as settlement of convertible note payment for Tranche 2 convertible notes in accordance with the Tranche 2 Convertible Securities Purchase Agreement dated 31 July 2020.

On 11 November 2020, the Company issued 9,128,000 Options to institutional and sophisticated investors as approved at 2020 General Meeting on 9 October 2020 at an exercise price \$0.20 per option.

On 29 November 2020, the Company has issued 38,261,350 fully paid ordinary shares at a deemed issue price of \$0.04 per share (Ordinary Shares) to professional and sophisticated investors.

On 30 November 2020, the Company issued 1,372,915 Fully paid ordinary shares issued at \$0.064252 in lieu of directors fees approved at the AGM held 30 November 2020.

On 8 December 2020, the Company issued 1,147,840 Fully paid ordinary shares issued at \$0.04 in relation to broker fees for the placement undertaken on 24 November 2020.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 22 January 2021, the Company issued 3,542,016 fully paid ordinary shares of \$0.040 per share as settlement of tranche 2 convertible note payment. Following this issue of shares, the Obsidian Convertible Note Tranche 1 and 2 have been fully repaid.

On 25 January 2021, the Company appointed Michael Di Tommaso as Roto-Gro International Limited's Chief Executive Officer.

Adam Clode (Chief Executive Officer) ceased employee position on 25 January 2021.

On 24 February 2021, the Company announced that it had received AUD \$2.0 million of firm commitments for a placement of 40,000,000 new fully paid ordinary shares to professional and sophisticated investors. Also on this date, the Company issued 25,507,567 options to institutional and sophisticated investors as approved at 2021 General Meeting on 18 February 2021 at an exercise price \$0.05 per option, and issued 6,000,000 options at an exercise price of \$0.05 per option in relation to broker fees for the placement undertaken on 24 November 2020.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Roto-Gro International Limited
Directors' report
31 December 2020

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Carli
Executive Chairman

26 February 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Roto-Gro International Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 February 2021

Roto-Gro International Limited**Contents****31 December 2020**

Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	18
Independent auditor's review report to the members of Roto-Gro International Limited	19

Roto-Gro International Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Revenue			
Sales revenue	4	-	868,690
Other income	4	224,357	119,794
Expenses			
Cost of goods sold		(10,475)	(1,084,110)
Design and innovation expense		(435,347)	(273,311)
Business development expense		(96,257)	(231,286)
Operational costs		-	(5,330)
Depreciation expense		(167,085)	(158,149)
Amortisation expense		(216,051)	(417,859)
Share based payments expense		191,548	(651,689)
Research and development expenses		(123,818)	(207,728)
Finance costs		(124,229)	-
Corporate and administration expenses		<u>(1,017,048)</u>	<u>(1,393,794)</u>
Loss before income tax expense		(1,774,405)	(3,434,772)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Roto-Gro International Limited		(1,774,405)	(3,434,772)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(126,243)</u>	<u>17,053</u>
Other comprehensive income / (loss) for the half-year, net of tax		<u>(126,243)</u>	<u>17,053</u>
Total comprehensive loss for the half-year attributable to the owners of Roto-Gro International Limited		<u><u>(1,900,648)</u></u>	<u><u>(3,417,719)</u></u>
		Cents	Cents
Basic earnings per share		(1.10)	(2.64)
Diluted earnings per share		(1.10)	(2.64)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Roto-Gro International Limited
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December	30 June 2020
		2020	2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,301,830	345,524
Trade and other receivables		93,865	37,991
Inventories		656,929	624,643
Other current assets		455,060	176,085
Total current assets		<u>2,507,684</u>	<u>1,184,243</u>
Non-current assets			
Property, plant and equipment		1,016,319	1,033,727
Right-of-use assets		239,745	319,760
Intangibles	5	<u>7,821,350</u>	<u>8,037,401</u>
Total non-current assets		<u>9,077,414</u>	<u>9,390,888</u>
Total assets		<u>11,585,098</u>	<u>10,575,131</u>
Liabilities			
Current liabilities			
Trade and other payables		627,436	648,183
Borrowings		331,190	-
Lease liabilities		148,786	143,788
Employee benefits		53,144	50,754
Other current liabilities		497,856	520,715
Total current liabilities		<u>1,658,412</u>	<u>1,363,440</u>
Non-current liabilities			
Lease liabilities		<u>126,004</u>	<u>210,917</u>
Total non-current liabilities		<u>126,004</u>	<u>210,917</u>
Total liabilities		<u>1,784,416</u>	<u>1,574,357</u>
Net assets		<u>9,800,682</u>	<u>9,000,774</u>
Equity			
Issued capital	6	31,700,079	28,807,975
Reserves	7	6,743,824	7,061,615
Accumulated losses		<u>(28,643,221)</u>	<u>(26,868,816)</u>
Total equity		<u>9,800,682</u>	<u>9,000,774</u>

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

Roto-Gro International Limited
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	26,893,742	5,974,768	128,215	(10,992,661)	22,004,064
Loss after income tax expense for the half-year	-	-	-	(3,434,772)	(3,434,772)
Other comprehensive income for the half-year, net of tax	-	-	17,053	-	17,053
Total comprehensive income / (loss) for the half-year	-	-	17,053	(3,434,772)	(3,417,719)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	1,934,922	-	-	-	1,934,922
Share-based payments	-	856,695	-	-	856,695
Balance at 31 December 2019	<u>28,828,664</u>	<u>6,831,463</u>	<u>145,268</u>	<u>(14,427,433)</u>	<u>21,377,962</u>

Consolidated	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	28,807,975	6,887,940	173,675	(26,868,816)	9,000,774
Loss after income tax expense for the half-year	-	-	-	(1,774,405)	(1,774,405)
Other comprehensive loss for the half-year, net of tax	-	-	(126,243)	-	(126,243)
Total comprehensive loss for the half-year	-	-	(126,243)	(1,774,405)	(1,900,648)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 6)	1,755,218	-	-	-	1,755,218
Share-based payments	470,855	(191,548)	-	-	279,307
Convertible note conversion	666,031	-	-	-	666,031
Balance at 31 December 2020	<u>31,700,079</u>	<u>6,696,392</u>	<u>47,432</u>	<u>(28,643,221)</u>	<u>9,800,682</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Roto-Gro International Limited
Statement of cash flows
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	976,227
Payments to suppliers and employees (inclusive of GST)		(1,549,517)	(3,581,508)
Payment for product manufacturing		(147,925)	-
		(1,697,442)	(2,605,281)
Interest and government grant received		224,357	3,473
Net cash used in operating activities		(1,473,085)	(2,601,808)
Cash flows from investing activities			
Payments for property, plant and equipment		(132,079)	(225,479)
Net cash used in investing activities		(132,079)	(225,479)
Cash flows from financing activities			
Proceeds from issue of shares	6	1,530,454	2,282,000
Proceeds from convertible note		1,250,000	-
Share issue transaction costs		(121,273)	(1,967)
Repayment of lease liabilities (AASB 16)		(79,915)	(66,362)
Net cash from financing activities		2,579,266	2,213,671
Net increase/(decrease) in cash and cash equivalents		974,102	(613,616)
Cash and cash equivalents at the beginning of the financial half-year		345,524	3,008,940
Effects of exchange rate changes on cash and cash equivalents		(17,796)	21,895
Cash and cash equivalents at the end of the financial half-year		<u>1,301,830</u>	<u>2,417,219</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Roto-Gro International Limited as a consolidated entity consisting of Roto-Gro International Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Roto-Gro International Limited's functional and presentation currency.

Roto-Gro International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 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.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 disclosed in the financial statements, the consolidated entity incurred a loss of \$1,774,405 and net cash outflows from operating activities of \$1,473,085 and investing activities of \$132,079 for the period ended 31 December 2020.

The ability of the consolidated entity to continue as a going concern is principally dependent upon the ability of the consolidated entity to generate sufficient cash inflows from operations, manage cash flows in line with available funds and to secure funds by raising additional capital from equity markets, as and when required.

Note 2. Significant accounting policies (continued)

The Board believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate for it to adopt the going concern basis in the preparation of the financial report after consideration of following factors:

- The consolidated entity is expected to trade profitably in the 12 months from the date of issue of the financial statements, based on its current budget;
- Included in other current liabilities, is an amount of \$497,856 relating to income received in advance from customers which will be recognised as revenue during the next financial year along with the related costs of earning that revenue. The contract liability will unwind when the goods are delivered by the consolidated entity;
- As disclosed in Note 9, the Company issued 3,542,016 fully paid ordinary shares of \$0.040 per share as settlement of for the Obsidian Convertible Note Tranche 2. Following this issue of shares, the Obsidian Convertible Note Tranche 1 and 2 have been fully repaid;
- As disclosed in Note 9, on 24 February 2021, the Company announced that it had received AUD \$2.0 million of firm commitments for a placement of 40,000,000 new fully paid ordinary shares to professional and sophisticated investors;
- The consolidated entity has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital; and
- The consolidated entity has the ability to curtail corporate and administration expenses and overhead cash outflows as and when required.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The consolidated entity operates across the agricultural industry providing technology and cultivation solutions for advanced indoor hydroponic growing applications.

The main geographic areas that the entity operates in are Australia and Canada. The parent entity is registered in Australia. The consolidated entity's intangible assets are maintained in Mauritius.

The following tables present revenue, expenditure and certain asset and liability information regarding geographical segments.

Roto-Gro International Limited
Notes to the financial statements
31 December 2020

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 December 2020	Australia \$	Canada \$	Mauritius \$	Total \$	
Revenue					
Sales to external customers	-	-	-	-	
Total sales revenue	-	-	-	-	
Interest income	37	-	-	37	
Government grant	10,000	214,320	-	224,320	
Total revenue	10,037	214,320	-	224,357	
EBITDA	(309,516)	(1,075,543)	(6,210)	(1,391,269)	
Depreciation and amortisation	-	(167,085)	(216,051)	(383,136)	
Loss before income tax expense	(309,516)	(1,242,628)	(222,261)	(1,774,405)	
Income tax expense				-	
Loss after income tax expense				(1,774,405)	
Assets					
Segment assets	4,727,114	3,007,739	7,821,476	15,556,329	
Intersegment eliminations				(3,971,231)	
Total assets				11,585,098	
Liabilities					
Segment liabilities	468,458	12,067,968	793,293	13,329,719	
Intersegment eliminations				(11,545,303)	
Total liabilities				1,784,416	
Consolidated - 31 December 2019	Australia \$	Canada \$	Mauritius \$	USA* \$	Total \$
Revenue					
Sales to external customers	-	649,753	-	218,937	868,690
Interest income	62	-	-	2,743	2,805
Loan forgiveness revenue	-	116,989	-	-	116,989
Total revenue	62	766,742	-	221,680	988,484
EBITDA	(1,101,536)	(671,138)	(787,591)	(298,499)	(2,858,764)
Depreciation and amortisation	-	(158,149)	(417,859)	-	(576,008)
Loss before income tax expense	(1,101,536)	(829,287)	(1,205,450)	(298,499)	(3,434,772)
Income tax expense					-
Loss after income tax expense					(3,434,772)
Consolidated - 30 June 2020					
Assets					
Segment assets	234,977	2,302,615	8,037,539	-	10,575,131
Total assets					10,575,131
Liabilities					
Segment liabilities	184,318	10,232,565	872,101	-	11,288,984
Intersegment eliminations					(9,714,627)
Total liabilities					1,574,357

*Operations in the USA were dissolved on 23 June 2020.

Note 4. Revenue

	Consolidated	Consolidated
	31 December 2020	31 December 2019
	\$	\$
Forgiveness of loan payable revenue	-	116,989
Interest income	37	2,805
Government grant income	224,320	-
	<u>224,357</u>	<u>119,794</u>
Other income	<u>224,357</u>	<u>119,794</u>

	Consolidated	Consolidated
	31 December 2020	31 December 2019
	\$	\$
Sale of goods	-	868,690
	<u>-</u>	<u>868,690</u>

For the periods ended 31 December 2020 and 2019, all revenue was recognised when the good or service transferred at a point in time.

Note 5. Non-current assets - intangibles

	Consolidated	Consolidated
	31 December 2020	30 June 2020
	\$	\$
Intellectual property - at cost	17,358,001	17,358,001
Less: Accumulated amortisation	(1,991,457)	(1,810,485)
Less: Impairment	(8,479,662)	(8,479,662)
	<u>6,886,882</u>	<u>7,067,854</u>
Patents and trademarks - at cost	2,422,532	2,422,532
Less: Accumulated amortisation	(304,618)	(269,539)
Less: Impairment	(1,183,446)	(1,183,446)
	<u>934,468</u>	<u>969,547</u>
	<u>7,821,350</u>	<u>8,037,401</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Intellectual Property \$	Patent \$	Total \$
Consolidated			
Balance at 1 July 2020	7,067,854	969,547	8,037,401
Amortisation expense	(180,972)	(35,079)	(216,051)
Balance at 31 December 2020	<u>6,886,882</u>	<u>934,468</u>	<u>7,821,350</u>

Roto-Gro International Limited
Notes to the financial statements
31 December 2020

Note 6. Equity - issued capital

	31 December 2020 Shares	30 June 2020 Shares	Consolidated 31 December 2020 \$	30 June 2020 \$
Ordinary shares - fully paid	<u>223,928,016</u>	<u>148,965,486</u>	<u>31,700,079</u>	<u>28,807,975</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	148,965,486		28,807,975
Shares issued to Obsidian for commitment fee associated with convertible notes Tranche 1 (share issue cost)	9 August 2020	307,061	\$0.04071	12,500
Shares issued to Obsidian for commitment fee (share issue cost)	9 August 2020	2,000,000	\$0.07500	150,000
Shares issued to Obsidian for finance cost of convertible notes	18 October 2020	90,306	\$0.04430	4,001
Shares issued to Obsidian for transaction fee associated with convertible notes Tranche 2 (share issue cost)	18 October 2020	1,123,451	\$0.04451	50,000
Shares issued to Obsidian for collateral of convertible notes	18 October 2020	4,737,750	\$0.07500	355,331
Shares issued to Obsidian for finance cost of convertible notes	9 November 2020	843,839	\$0.03974	33,539
Shares issued to Obsidian for finance cost of convertible notes	19 November 2020	942,522	\$0.03974	37,461
Share issued to institutional sophisticated investors	29 November 2020	38,261,350	\$0.04000	1,530,454
Shares issued to Obsidian for finance cost of convertible notes	30 November 2020	1,256,699	\$0.03917	49,227
Shares issued to Obsidian for settlement of convertible notes	30 November 2020	2,395,367	\$0.04000	95,815
Shares issued to directors in settlement of outstanding wages	30 November 2020	1,372,915	\$0.06420	88,212
Shares issued to Obsidian for settlement of convertible notes	2 December 2020	4,057,893	\$0.04000	162,315
Shares issued to broker in settlement of fees owed (share issue cost)	6 December 2020	1,147,840	\$0.04000	45,914
Shares issued to Obsidian for settlement of convertible notes	8 December 2020	10,295,396	\$0.04000	411,816
Shares issued to Obsidian for settlement of convertible notes	18 December 2020	6,130,141	\$0.04000	245,206
Less capital raising costs		-	\$0.00000	(379,687)
Balance	31 December 2020	<u>223,928,016</u>		<u>31,700,079</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 7. Equity - reserves

	Consolidated	
	31 December	30 June
	2020	2020
	\$	\$
Foreign currency reserve	47,432	173,675
Share-based payments reserve	6,696,392	6,887,940
	<u>6,743,824</u>	<u>7,061,615</u>
	31 December	30 June
	2020	2020
	\$	\$
Share based payments reserve		
Opening balance	6,887,940	5,974,768
Share based payments	-	960,172
Transfer to issued capital upon issue of shares	-	(47,000)
Reversal to profit and loss upon reassessment of performance rights	(191,548)	-
	<u>6,696,392</u>	<u>6,887,940</u>

Foreign currency reserve

Exchange differences relating to the translation of the results and net assets of the consolidated entity's foreign operations from their functional currencies to the consolidated entity's presentation currency (i.e., Australian dollars) are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payments reserve

The share-based payment reserve is used to recognize the fair value of options granted to suppliers and employees, as well as for funds raised for the issue of options and the fair value of performance shares issued as consideration for acquisitions.

Note 8. Contingent liabilities

The company does not have any contingent liabilities at 31 December 2020 (31 December 2019: NIL).

Note 9. Events after the reporting period

On 22 January 2021, the Company issued 3,542,016 fully paid ordinary shares of \$0.040 per share as settlement of tranche 2 convertible note payment. Following this issue of shares, the Obsidian Convertible Note Tranche 1 and 2 have been fully repaid.

On 25 January 2021, the Company appointed Michael Di Tommaso as Roto-Gro International Limited's Chief Executive Officer.

Adam Clode (Chief Executive Officer) ceased employee position on 25 January 2021.

On 24 February 2021, the Company announced that it had received AUD \$2.0 million of firm commitments for a placement of 40,000,000 new fully paid ordinary shares to professional and sophisticated investors. Also on this date, the Company issued 25,507,567 options to institutional and sophisticated investors as approved at 2021 General Meeting on 18 February 2021 at an exercise price \$0.05 per option, and issued 6,000,000 options at an exercise price of \$0.05 per option in relation to broker fees for the placement undertaken on 24 November 2020.

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Roto-Gro International Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the consolidated entity's financial position as at 31 December 2020 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)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Carli
Executive Chairman

26 February 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ROTO-GRO INTERNATIONAL LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Roto-Gro International Limited which comprises the consolidated statement of financial position as at 31 December 2020, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 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 consolidated entity's financial position as at 31 December 2020 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 Roto-Gro International 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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*, which has been given to the directors of Roto-Gro International Limited, would be in the same terms if given 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 Roto-Gro International 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 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 26 February 2021