

THRED LIMITED

**INTERIM FINANCIAL REPORT and APPENDIX 4D
For the half-year ended 31 December 2019**

THRED LIMITED
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THRED LIMITED
CORPORATE DIRECTORY

CORPORATE DIRECTORY

Directors

Mr David Wheeler – Non-executive Director and Chair

Mr Sol Majteles – Non-Executive Director

Mr Joe Graziano - Non-Executive Director

Company Secretary

Mr Joe Graziano

Registered and Principal Office

c/o Blackwall Legal

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Solicitors to the Company

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Share Registry

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ASX Code

Ordinary Shares- ASX Code: THD

APPENDIX 4D

PRELIMINARY FINANCIAL REPORT RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results for announcement to the Market

for the half year ended 31 December 2019

1	REPORTING PERIOD (item 1)	
	Report for the period ended:	31 December 2019
	Previous corresponding period is the half-year ended:	31 December 2018

2	RESULTS FOR ANNOUNCEMENT TO THE MARKET	Percentage %	Amount \$
	Increase in revenues from ordinary activities (item 2.1)	2,632 to	851,355
	Decrease in loss from ordinary activities after tax attributable to members (item 2.2)	54 to	525,503 profit
	Decrease in loss from after tax attributable to members (item 2.3)	54 to	525,503 profit
a.	Dividends (item 2.4 and 5)	Amount per Security ¢	Franked amount per security %
	Interim dividend	nil	n/a
	Final dividend	nil	n/a
	Record date for determining entitlements to the dividend (item 2.5)	n/a	
b.	Brief explanation of any of the figures reported above necessary to enable the figures to be understood (item 2.6): Increase in revenue is as a result of the receipt of an R&D incentive tax refund of \$828,426. This has resulted in the profit for the period.		

3	DIVIDENDS (item 6) AND RETURNS TO SHAREHOLDERS INCLUDING DISTRIBUTIONS AND BUY BACKS
	Nil.
a.	Details of dividend or distribution reinvestment plans in operation are described below (item 6): Not applicable

4	RATIOS	Current period	Previous corresponding period
a.	Net tangible assets per security (item 3):	\$	\$
	Net assets	2,289,762	2,206,707
	Less: Intangible assets	-	-
	Net tangible (liabilities)/assets	2,289,762	2,206,707
		No.	No.
	Fully paid ordinary shares	1,789,390,870	1,789,390,870
		¢	¢
	Net tangible (liability)/assets backing per share (cents)	0.0013	0.0012

5 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD: (item 4)

- a. Control gained over entities

Name of entities (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
- b. Loss of control of entities

Name of entities (item 4.1)	N/A
Date(s) of gain of control (item 4.2)	N/A
- c. Contribution to consolidated profit / (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was gained / lost (item 4.3) – N/A
- d. Profit / (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3) – N/A

6 DETAILS OF ASSOCIATES AND JOINT VENTURE: (item 7)

Name of entities (item 7)	AR Technologies Pty Ltd
Percentage holding in each of these entities (item 7)	18.9%

	Current period \$	Previous corresponding period \$
Aggregate share of profits (losses) of these entities (item 7)	15,479	34,306

7 The financial information provided in the Appendix 4D is based on the interim financial report attached, which has been prepared in accordance with Australian Accounting Standards.

8 The report is based accounts which have been reviewed by the Company’s independent auditors (item 9).

THRED LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Thred Limited ('the Company') and of the Group, being the Company and its subsidiaries for the financial half-year ended 31 December 2019 and the auditor's report thereon.

1. DIRECTORS

The names of Directors of the Company who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated

Name	Position
David Wheeler	Non-Executive Director and Chair
Sol Majteles	Non-Executive Director
Joe Graziano	Non-Executive Director

2. OPERATING AND FINANCIAL REVIEW

During the period, Thred continues to consider various recapitalisation strategies and assess potential opportunities to acquire a suitable asset.

Financial Review

a) *Operating results*

For the half year ended 31 December 2019, the Group delivered a profit before tax of \$525,503 (31 December 2018: \$978,749 loss).

b) *Financial positions*

The net assets of the Group as at 31 December 2019 were \$2,289,762 (30 June 2019: \$1,769,215).

As at 31 December 2019, the Group's cash and cash equivalents increased from 30 June 2019 by \$341,251 to \$2,456,744 at 31 December 2019 (30 June 2019: \$2,115,493)

Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 5.6 Events subsequent to reporting date.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Significant Changes in the State of Affairs

In the opinion of the directors there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those matters referred to in the overview above.

THRED LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

3. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is included in this half-year report for the financial half year ended 31 December 2019.

This Directors' Report is made in accordance with a resolution of the Directors.



David Wheeler
Director
Thred Limited
28 February 2020

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To the Board of Directors

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

As lead audit partner for the review of the financial statements of Thred Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



BENTLEYS
Chartered Accountants



DOUG BELL CA
Partner

Dated at Perth this 28th day of February 2020

THRED LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		6 months to 31 December 2019	6 months to 31 December 2018
	Note	\$	\$
Continuing operations			
Revenue	2.2	-	5,453
Other income	2.3	851,355	25,709
Expenses			
Compliance costs		(24,996)	(66,115)
Development expenses		(15,063)	-
Employment costs	2.4	(84,696)	(88,740)
Finance costs		(7,347)	(248)
Information technology costs		(96)	(500)
Legal expenses		(12,339)	(30,625)
Professional fees		(74,405)	(94,000)
Public Relations, marketing and advertising		-	(109,455)
Other expenses		(1,855)	(30,440)
Impairment of loan to associate	5.1	(105,055)	-
Foreign exchange gain/(loss)		-	2
Profit /(loss) from continuing operations		525,503	(388,959)
Income tax expense		-	-
Net profit/(loss) for the period after income tax from continuing operations		525,503	(388,959)
Discontinuing operations			
Loss from discontinued operations after tax	5.3	-	(589,790)
Profit /(loss) for the period		525,503	(978,749)
Other comprehensive income			
Foreign currency movements subsequently reclassified to profit or loss		(4,956)	(6,715)
Total comprehensive profit /(loss) for the period		520,547	(985,464)

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

THRED LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	6 months to 31 December 2019	6 months to 31 December 2018
	\$	\$
Profit /(Loss) attributable to:		
• Non-controlling interest	-	-
• Owners of the parent	525,503	(978,749)
Total comprehensive profit/(loss) attributable to owners of the Company		
• Non-controlling interest	-	-
• Owners of the parent	520,547	(985,464)
Earnings /(loss) per share		
Basic and diluted (cents per share)		
• earnings /(loss) per share continuing and discontinued operations	0.04	(0.05)
• earnings /(loss) per share continuing operations	0.04	(0.02)

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

THRED LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Cash and cash equivalents		2,456,744	2,115,493
Trade and other receivables	3.1	23,255	55,231
Prepayments		3,525	3,525
Total current assets		2,483,524	2,174,249
Total assets		2,483,524	2,174,249
Liabilities			
Trade and other payables	3.2	193,762	405,034
Total current liabilities		193,762	405,034
Total liabilities		193,762	405,034
Net assets		2,289,762	1,769,215
Equity			
Issued Share capital	4.1	35,758,537	35,758,537
Reserves		759,549	764,505
Accumulated losses		(34,228,327)	(34,753,830)
Non-controlling interest		3	3
Total equity		2,289,762	1,769,215

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

THRED LIMITED
FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling Interest (NCI)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	35,758,537	842,251	(70,296)	(33,338,324)	3	3,192,171
Profit/(Loss) for the period	-	-	-	(978,749)	-	(978,749)
Other comprehensive income for the period	-	-	(6,715)	-	-	(6,715)
Total comprehensive loss for the period	-	-	(6,715)	(978,749)	-	(985,464)
Balance at 31 December 2018	35,758,537	842,251	(77,011)	(34,317,073)	3	2,206,707

	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non- controlling Interest (NCI)	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	35,758,537	842,251	(77,746)	(34,753,830)	3	1,769,215
Loss for the period	-	-	-	525,503	-	525,503
Other comprehensive income for the period	-	-	(4,956)	-	-	(4,956)
Total comprehensive loss for the period	-	-	(4,956)	525,503	-	520,547
Balance at 31 December 2019	35,758,537	842,251	(82,702)	(34,228,327)	3	2,289,762

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	6 months to	6 months to
	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	223,299
Payments to suppliers and employees	(397,702)	(537,123)
Payment for research and development	-	(531,934)
Receipts from research and development rebate	828,426	-
Interest paid	(7,347)	-
Net cash used in operating activities	423,377	(845,758)
Cash flows from investing activities		
Interest received	22,929	21,676
Loan to related party	(105,055)	-
Net cash used in investing activities	(82,126)	21,676
Cash flows from financing activities	-	-
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	341,251	(824,082)
Cash and cash equivalents at 1 July	2,115,493	3,226,597
Cash and cash equivalents at 31 December	2,456,744	2,402,515

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

SECTION 1 BASIS OF PREPARATION

In preparing the half year ended 31 December 2019 financial statements, the Company has made a number of changes in structure, layout and wording in order to make the financial statements less complex and more relevant for shareholders and other users. The notes to the interim consolidated financial statements are grouped into the following five sections:

1. Basis of preparation
2. Results for the year
3. Working capital disclosures
4. Equity and funding
5. Other disclosures

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies that are no longer disclosed in the financial statements.

1.1 GENERAL INFORMATION

The Company is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Level 26, 140 St Georges Tce, Perth WA 6000.

The Group operates predominantly in the software development industry previously. The Group is currently reconsidering various investment opportunities.

The interim condensed consolidated financial statements of the Group as at and for the half-year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and were authorised for issue by the Board of Directors on 28 February 2020. The half-year financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 *Interim Financial Reporting*;
- have been prepared on a historical cost basis, except for share-based payments which are measured at fair value. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars, being the Company's functional currency;
- adopt all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2019. Refer to note 5.8 for further details; and
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective. Refer to note 5.9 for further details.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2019 and considered together with any public announcements made by the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

1.2 BASIS OF CONSOLIDATION

The interim consolidated financial statements incorporate the interim financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each half year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.3 IMPAIRMENT

Non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than DTA's, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

1.4 ACCOUNTING JUDGEMENTS AND ESTIMATE

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are included as follows:

- **Fair value measurement**

Due to their short-term nature, the carrying amount of the current receivables, current payables and current borrowings are assumed to approximate their fair value. Loans and borrowings are recognised at the fair value of the consideration received, net of transaction costs.

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 2 RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group, with disclosures including segmental information, components of the operating profit.

2.1 OPERATING SEGMENTS

Information about reportable segments

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Management has identified the operating segments based on the principal geographical locations and regulatory environments – the Hong Kong and Australia.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision maker with respect to operating leases, are determined in accordance with *AASB 8 Operating Segments*.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss during the half-year ended 31 December 2019.

(a) Segment Performance

	Hong Kong \$	Australia \$	Total \$
Half year 31 December 2019			
Revenue			
• Interest revenue	-	22,929	22,929
• Other revenue	-	828,426	828,426
Total segment revenue	-	851,355	851,355
<i>Reconciliation of segment revenue to group revenue</i>			
• Inter-segment eliminations			-
Total group revenue and other income			851,355
Segment net profit/loss from continuing operations			
	-	525,503	525,503
<i>Reconciliation of segment profit/loss to group loss</i>			
• Inter-segment eliminations			-
Profit before income tax			525,503
Half year 31 December 2018			
Revenue			
• Revenue	-	5,453	5,453
• Interest revenue	-	25,709	25,709
Total segment revenue	-	31,162	31,162
<i>Reconciliation of segment revenue to group revenue</i>			
• Inter-segment eliminations			-
Total group revenue and other income			31,162
Segment net profit/loss from continuing operations			
	(69,551)	(388,959)	(458,510)
<i>Reconciliation of segment profit/loss to group loss</i>			
• Inter-segment eliminations			69,551
• <i>Discontinued operations</i>			(589,790)
Loss before income tax			(978,749)

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 OPERATING SEGMENTS (continued)

(b) Segment Assets and Liabilities

	Hong Kong \$	Australia \$	Total \$
As at 31 December 2019			
Segment assets	-	5,827,757	5,827,757
<i>Reconciliation of segment assets to group assets</i>			
• Inter-segment eliminations			(3,344,233)
Total assets			2,483,524
Segment liabilities	3,660,333	44,976	3,705,309
<i>Reconciliation of segment liabilities to group liabilities</i>			
• Inter-segment eliminations			(3,511,547)
Total liabilities			193,762
As at 30 June 2019			
Segment assets	-	5,518,582	5,518,582
<i>Reconciliation of segment assets to group assets</i>			
• Inter-segment eliminations			(3,344,333)
Total assets			2,174,249
Segment liabilities	3,537,146	262,512	3,799,658
<i>Reconciliation of segment liabilities to group liabilities</i>			
• Inter-segment eliminations			(3,394,624)
Total liabilities			405,034

2.2 REVENUE FROM SALES

Accounting Policy

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

	6 months to 31 December 2019 \$	6 months to 31 December 2018 \$
Sales revenue	-	5,453

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.3 OTHER INCOME

Accounting Policy

Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

	6 months to 31 December 2019 \$	6 months to 31 December 2018 \$
Interest income	22,929	25,709
Research and development rebate	828,426	-
	851,355	25,709

2.4 EMPLOYMENT COSTS

	31 December 2019 \$	31 December 2018 \$
Director fees	(82,614)	(88,740)
Superannuation expenses	(2,082)	-
	(84,696)	(88,740)

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 3 WORKING CAPITAL DISCLOSURES

This section focuses on the cash funding available to the Group and working capital position at year end.

3.1 TRADE AND OTHER RECEIVABLES

	31 December 2019	30 June 2019
	\$	\$
Current		
Trade receivables	6,000	6,000
Goods and services tax receivable	10,390	42,368
Other	6,865	6,863
	23,255	55,231

The Group uses the general approach to impairment, as applicable under AASB 9: *Financial Instruments*.

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Based on this assessment, the loan provided to related party (AR Technologies Pty Ltd) of \$105,055 was impaired during the year as management is uncertain the loan is recoverable.

3.2 TRADE AND OTHER PAYABLES

	31 December 2019	30 June 2019
	\$	\$
Current		
Trade payables	158,067	271,666
Accruals	32,933	79,969
Employment related payables	1,462	9,628
Other payables	1,300	43,771
	193,762	405,034

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 4 EQUITY AND FUNDIING

This section focuses on the share capital, options and debt funding available to the Group at year end.

4.1 CAPITAL AND RESERVES

(a) Share capital

	Ordinary shares			
	Number of shares		Amount in \$	
	6 months to 31 December 2019	Year to 30 June 2019	6 months to 31 December 2019	Year to 30 June 2019
On issue at the beginning of the period	1,789,390,870	1,789,390,870	35,758,537	35,758,537
Shares issued and expensed during the period:				
Issue of shares	-	-	-	-
On issue at end of the period	1,789,390,870	1,789,390,870	35,758,537	35,758,537

(b) Options on issue

	Options			
	Number of shares		Amount in \$	
	6 months to 31 December 2019	Year to 30 June 2019	6 months to 31 December 2019	Year to 30 June 2019
On issue at the beginning of the period	49,500,000	49,500,000	842,251	842,251
Exercise options	-	-	-	-
Expiry of options	-	-	-	-
On issue at end of the period	49,500,000	49,500,000	842,251	842,251

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 5 OTHER DISCLOSURES

The disclosures in this section focus on other mandatory disclosures, such as details of related party transactions.

5.1 RELATED PARTIES

	6 months to 31 December 2019	6 months to 31 December 2018
	\$	\$
Short term employee benefits	82,614	88,740
Post-employment benefits	2,082	-
	84,696	88,740

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Other key management personnel transactions

In addition to the above director fees, Pathway Corporate Pty Ltd, a company of which Mr David Wheeler and Mr Joe Graziano are directors charged the Company, \$18,000 (2018: \$3,000) for company secretarial fee and \$17,000 (2018: \$nil) for rental of registered office during the half year. No balance (2018 \$nil) was outstanding at period end.

Other related party transactions

During the year, the Company has provided a loan to its associate, AR Technologies Pty Ltd of \$105,055. Interest income of \$1,536 has been received from AR Technologies Pty Ltd on the loan. The balance of \$105,055 is still outstanding at 31 December 2019 but has been impaired as management is uncertain on its recoverability.

5.2 ENTITIES IN THE GROUP

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of entity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		31 December 2019	30 June 2019
		%	%
Subsidiaries			
Thredit Limited	Australia	100	100
Thred Innovations	Hong Kong	80	80
Associate			
AR Technologies Pty Ltd (note (5.2a))	Australia	18.9	18.9

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.2 ENTITIES IN THE GROUP continued

(a) Investment in associate

Investment in associates are equity accounted. The financial information for AR Technologies Pty Ltd is set out below.

	31 December 2019	30 June 2019
	\$	\$
Financial position		
Current assets	7,792	70,561
Non-current assets	695,805	695,805
Current liabilities	(108,313)	(80,483)
Non-current liabilities	(700,000)	(700,000)
Net liabilities	(104,716)	(14,117)
Group's share in %	18.9%	18.9%
Group's share in \$	(19,791)	(2,668)
Financial performance whilst an associate		
Loss for the period	(81,900)	(181,514)
Other comprehensive income	-	-
Total comprehensive income	(81,900)	(181,514)
Group's share in %	18.9%	18.9%
Group's share in \$	(15,479)	(34,306)

Due to its net liabilities position, no value has been recognized on the investment. The share of loss in associate for the half year of \$15,479 is not recognised as the value of investment is nil.

5.3 DISCONTINUED OPERATIONS

On 25 March 2019 following the approval by shareholders at a general meeting the Company completed the sale of the Sweep Business to its subsidiary AR Technologies Pty Ltd ('Artech'), with ARtech at the same time issuing shares to Project Savvy Pty Ltd ('Project Savvy'), a company formed by the ARtech's management team (including former director Ms Robyn Foyster and former company secretary Mr Damon Sweeny) for the purpose of investing in the Sweep Business, to give Project Savvy an 80% holding in ARtech. As a result, the Company lost control in ARtech and constitutes a discontinued operation. The consideration for the disposal was:

- ARtech will pay the Company \$700,000 (exclusive of GST) for the Sweep Business in quarterly payments; and
- The quarterly payments will comprise payments equal to 10% of quarterly trading revenues of the Sweep Business which have been received during the quarter (if any) payable within 5 business days of the end of each quarter, commencing with the March 2019 quarter.

Following the disposal, the Company retained a 20% holding in ARtech as disclosed in note 5.2. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.3 DISCONTINUED OPERATIONS continued

(a) Financial Performance and Cash Flow

	31 December 2019	31 December 2018
	\$	\$
Financial performance of discontinued operations		
Research and development expenses	-	(488,480)
Information technology costs	-	(42,953)
Public relations, marketing and advertising	-	(9,900)
Other expenses	-	(48,457)
Loss for the half year from discontinued operations	-	(589,790)
Cash flow from discontinued operations		
Net cash flow from operating activities	-	(601,248)
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Total comprehensive income	-	(601,248)

(b) Assets and liabilities

The carrying amounts of assets and liabilities as at the date of sale (25 March 2019) were:

	31 December 2019	25 March 2019
	\$	\$
Assets		
Cash and cash equivalents	-	8,109
Trade and other receivables	-	28,495
Other current assets	-	19,010
Plant and equipment	-	6,210
Liabilities		
Trade and other payables	-	(67,495)
Provisions	-	(3,860)
Other liabilities	-	(120,000)
Net liabilities held for sale	-	(129,531)

The details of the sale of subsidiary's assets and liabilities as at the date of sale (25 March 2019) were:

Consideration received or receivable (see Note 5.6)	-	-
Carrying amount of net liabilities sold	-	(129,531)
Gain on disposal of subsidiary	-	(129,531)

5.4 CONTINGENT ASSETS

On 25 March 2019, the Company completed the sale of the Sweep Business including the Sweep's Intellectual properties such as trademarks, domain names and copyrights of the business to AR Technologies Pty Ltd (which was a wholly owned subsidiary prior to this transaction) for the following consideration:

- AR Technologies will pay the Company \$700,000 (exclusive of GST) for the Sweep Business in quarterly payments;
- The quarterly payments will comprise payments equal to 10% of quarterly trading revenues of the Sweep Business which have been received during the quarter (if any), payable within 5 business days of the end of each quarter, commencing with the March 2019 quarter.

At the same time, AR Technologies Pty Ltd issued 80% of its shares to Project Savvy Pty Ltd, a company formed by the AR Technologies Pty Ltd's management team for the purpose of investing in the Sweep Business. Consequently, the Company no longer have control of AR Technologies Pty Ltd (see Note 5.2 for further details).

The consideration receivable is contingent on the trading revenues generated by AR Technologies Pty Ltd. Given that AR Technologies has not generated any trading revenue since the date of disposal, the inflow of the benefits is not virtually certain. Accordingly, the consideration receivable has not been recognised in the statement of financial position.

5.5 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2019 (30 June 2019: nil).

5.6 SUBSEQUENT EVENTS

There were no significant events subsequent to the half-year to the date of this report.

5.7 COMMITMENTS

There were no significant changes in commitments held by the Group since the last annual reporting date.

5.8 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the Group has consistently applied the accounting policies set out in the notes to the consolidated financial statements to all periods presented in these consolidated financial statements.

The Group has adopted all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Group had to change its accounting policies as a result of adopting AASB 16 Leases. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

- **AASB 16 Leases**

The Group has adopted AASB 16 *Leases* from 1 July 2019 retrospectively but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. AASB 16 replaces AASB 117 Leases along with three interpretations. Under the new standard, right of use assets are recognized along with the related lease liability in connection with all operating leases except for those identified as low-value or having a lease term of less than 12 months.

There is no significant impact in the financial statements on the adoption of AASB 16.

THRED LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.9 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2019.

Reference	Title	Summary	Application date of standard	Application date for the Group
			Periods beginning on or after	
AASB interpretation 23	Uncertainty over Income Tax Treatments	<p>The interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> • Whether an entity considers uncertain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. <p>How an entity considers changes in facts and circumstances.</p>	1 January 2019	1 July 2019
AASB 2018-1	Annual Improvements to IFRS Standards 2015-2017 Cycle	<p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> • AASB 3 Business Combinations and AASB11 Joint Arrangements-previously held interest in a joint operation 1 January 2019 1 July 2019 • AASB 112 Income Taxes-income tax consequences of payments on financial instruments classified as equity. <p>AASB 123 Borrowing Costs- borrowing costs eligible for capitalisation.</p>	1 January 2019	1 July 2019

THRED LIMITED
DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

The Directors of the Group declare that:

- 1 The financial statements and notes are in accordance with the Corporations Act 2001, and:
 - (a) comply with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half year ended on that date of the Group;
- 2 The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Group for the half year have been properly maintained in accordance with section 266 of the Corporations Act 2001;
 - (b) the financial statements and note for the half year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the half year give a true and fair view.
- 3 In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



David Wheeler
Director
Thred Limited

28 February 2020

Independent Auditor's Review Report

To the Members of Thred Limited

We have reviewed the accompanying half-year financial report of Thred Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2019, 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 statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

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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 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 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 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 the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independent Auditor's Review Report

To the Members of Thred Limited (Continued)



Independence

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

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 Thred Limited and Controlled Entities 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 2019 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.

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 28th day of February 2020