ASX ANNOUNCEMENT **1 March 2020**

APPENDIX 4D – HALF YEAR REPORT

Syntonic Limited
ABN 68 123 867 765

1. Reporting period

Half year ended	Previous corresponding period
December 31, 2019	December 31, 2018

2. Results for announcement to the market

	31 December 2019 A$	31 December 2018 A$	% Change
2.1 Revenue from ordinary activities	4,008,501	2,831,120	Up 42%
2.2 Loss from ordinary activities after tax attributable to members	(1,824,432)	(3,794,152)	Down 52%
2.3 Net loss for the period attributable to members	(1,824,432)	(3,794,152)	Down 52%

2.4 Refer to section 5 below.

2.5 Refer to section 5 below.

2.6 The net loss after tax for the half year ended 31 December 2019 was $1,824,432 (31 December 2018: $3,794,152).

3. Net tangible assets per share

	31 December 2019 A$ cents	31 December 2018 A$ cents
Net tangible asset per share (cents per share)	0.006	0.01

SYNTONIC

4. Details of entities over which control has been gained or lost during the period

N/A

5. Dividends

No dividends were paid or declared since the start of the half year ended 31 December 2019 (31 December 2018: nil). No recommendation for payment of dividends has been made.

6. Dividend reinvestment plan

The Company does not have a dividend reinvestment plan.

7. Details of associates and joint venture entities

At 31 December 2019, the Company had no interests in any jointly controlled operations or farm-in agreements.

8. Foreign entities

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

9. Audit report

The Company's independent auditors review report for the half year ended 31 December 2019 is unqualified with an emphasis of matter on material uncertainty regarding going concern. A copy of the independent auditor's review report is included with the accompanying Half Year Financial Report for the half year ended 31 December 2019.

Gary Greenbaum
Managing Director & CEO
1 March 2020

SYNTONIC LIMITED

Half Year Report

For the
half year ended
31 December 2019

ABN 68 123 867 765

CONTENTS

CORPORATE DIRECTORY

DIRECTORS:	Dr Gary Greenbaum – Managing Director and CEO Mr Rahul Agarwal – Executive Director, President and CTO Mr Steven Elfman – Non-Executive Chairman Mr David Wheeler – Non-Executive Director
COMPANY SECRETARY:	Mr Tim Slate
OFFICES:	***United States:*** 119 First Avenue, Suite 100, Seattle WA 98104, USA Tel: +1 206 408 8072 ***Brazil:*** Sao Paulo and Porto Alegre, Brazil ***Australia:*** Level 26, 140 St Georges Terrace, Perth WA 6000, Australia Tel: +61 8 6558 0886
STOCK EXCHANGE LISTING:	Australian Securities Exchange (ASX Code: **SYT**) Level 40, 152-158 St Georges Terrace, Perth WA 6000, Australia
SHARE REGISTER:	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace, Perth WA 6000, Australia Tel: +61 3 9415 4000
BANKERS:	***United States:*** Wells Fargo & Company ***Australia:*** Westpac Banking Corporation
SOLICITORS:	***United States:*** Wilson Sonsini Goodrich & Rosati ***Australia:*** DLA Piper ***Brazil*** Miguel Neto Advogados
AUDITOR:	HLB Mann Judd

DIRECTORS' REPORT

Your Directors present their half-yearly report on the consolidated entity consisting of Syntonic Limited ("Syntonic" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2019 to 31 December 2019 ("the Group").

Directors

The persons who were Directors of Syntonic Limited during the half year and up to the date of this report are:

Mr Steven Elfman - Non-Executive Chairman (appointed 5 October 2016)
Dr Gary Greenbaum - Executive Director & Chief Executive Officer (appointed 8 July 2016)
Mr Rahul Agarwal - Executive Director, President & Chief Technology Officer (appointed 8 July 2016)
Mr David Wheeler – Non-Executive Director (appointed 13 November 2019)

Mr Nigel Hennessy, appointed 30 June 2017, resigned from his position as Non-Executive Director on 13 November 2019.

Highlights during the Half-Year

- Cash operating expenses for the FY20 half year were $3.67 million, down 36.0% over previous half year period (H2 FY19 $5.73 million) resulting from Company's cost reduction efforts and the shift in business strategy commencing during the half year.

- Gross revenue reported from ordinary activities of $4.01 million for the half year, representing a 41.6% increase compared to the previous corresponding period of $2.83 million, but a slight 6.9% decline on the previous half year period (H2 FY19 $4.30 million), resulting from the wind-down of Syntonic's legacy business (Freeway® and DataPass®) and the shift in strategic focus on improving margins.

- Cash receipts of $1.07 million for the half year, representing a 33.3% decrease on the previous half year period (H2 FY19 $1.60 million). Payment delays from mobile carriers and FOX Sports resulted in a significant increase in the Company's accounts receivable, amounting to $0.80 million as of 31 December 2019.

- Strong progress implementing new corporate strategy focused on content monetisation using the Syntonic Revenue Generation Platform™ and terminating legacy products agreements.

- FOX Sports Gol service was the fastest growing subscription service supported by the Syntonic Revenue Generation Platform™. In Q2 FY20 when the service was launched, FOX Sports Gol sales were responsible for 36.6% of the Company's content monetisation revenue.

- Financial restructuring completed in December 2019 with $3.47 million raised (before costs) though an underwritten non-renounceable entitlement offer with proceeds used to pay off the Company's outstanding convertible notes and to provide working capital (replacing the undrawn convertible notes that were cancelled).

During first half of FY20, Syntonic implemented a new business strategy and focus to support content distribution and sales via the Syntonic Revenue Platform Generation™ ("RGP"). The Syntonic RGP provides the complete customer journey connecting premium content to mobile subscribers. The RGP benefits content providers by allowing them to remain focused on their core competency, i.e. creating quality content, with Syntonic owning the content marketing, distribution, and monetisation and participating in the higher margin revenue generated through content subscription sales.

Operating and Financial Review

Financial

FY20 half-year revenue was principally driven by mobile content subscriptions transacted via the Syntonic RGP. The gross revenue figure reported by the Company represents the transaction value of the purchases that are conducted through the Syntonic RGP. The cash receipts that the Company receives from the mobile carrier are net their revenue share deductions and often delayed more than one quarter from the time of the sale.

Syntonic gross revenue from its ordinary activities was $4.01 million for the first half of FY20. This represents a 41.6% increase compared to the previous corresponding period (H1 FY19 $2.83 million), but a 6.9% decline on the previous half year (H2 FY19 $4.30 million). This slight decline was a result the Company's winding down of its legacy business, Freeway® and DataPass®, as well as a deliberate strategic focus on improving bottom-line performance than top-line growth.

Cash receipts for the half year were $1.07 million, representing a 33.3% decrease on the previous half year period (H2 FY19 $1.60 million). Payment delays from carriers and content providers resulted in the significant growth in the Company's account receivables, i.e. cash due for services delivered but not yet paid, were $0.80M as of December 2019.

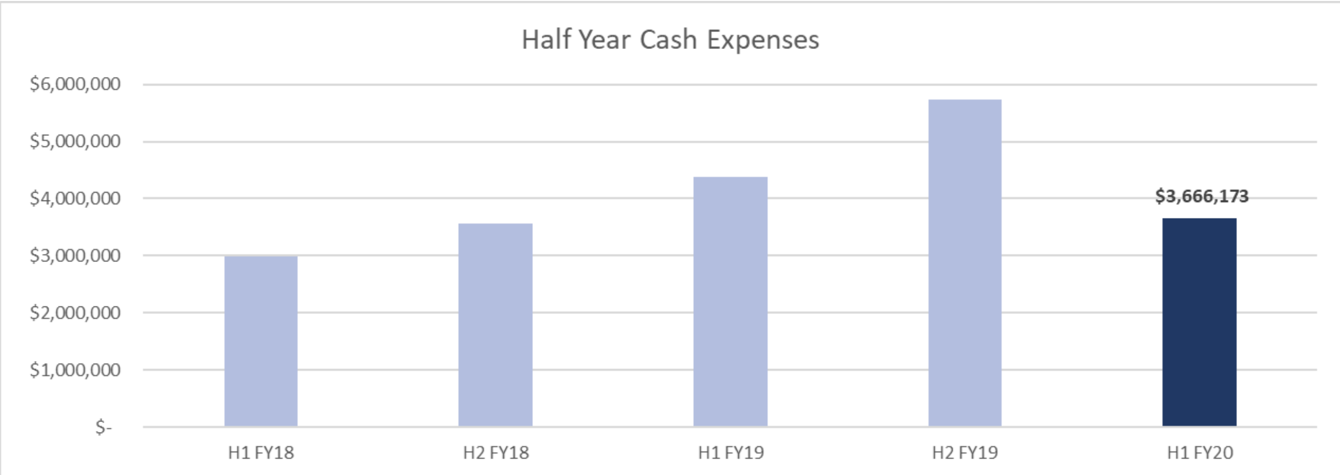
Syntonic's agreements have net payment terms between 30 – 90 days from the date the invoice is issued. However, the time to generate an invoice is often a lengthy process due to reconsolidation and purchase order issuance from the mobile carrier. The Company is working with its carriers and content providers to improve the efficiency of the payment cycle and will seek to impose stricter penalties for overdue payments.

Improving business performance was done by focusing media investment to only the highest margin content offerings and through cost reductions associated with the winding-down of the Company's legacy products. As a result, the Company's cash operating expense was $3.66 million, down 36.0% over last half year period (H2 FY19 $5.73 million).

Further material contributions to the Company's cost reductions were:

- a 50% reduction in monthly product development expenses with long term cost savings to be recognised in Q3 FY20;
- staff and contractor reductions; and
- more than 50% savings in cloud services expenses for supporting the Syntonic RGP.

Additional costs savings arose from a 31.7% reduction in executive salaries, specifically for Mr Gary Greenbaum, CEO, and Mr Rahul Agarwal, President/CTO, with no bonus and salary raise until the Company achieves a positive EBITDA.



As at 31 December 2019, the Company had net assets of $2,274,278 (30 June 2019: $453,155).

Operations

Growth in the company's content distribution and sales business is driven by growing content subscription transactions associated with a high-value content portfolio.

Highlighting this strategy, FOX Sports Gol was added to the Syntonic content portfolio in October 2019 after Syntonic was granted syndication rights from Fox Latin American Channel LLC, ("FOX Sports") to sell the premium service to mobile subscribers in Brazil and Mexico. Since launch in Q2 FY20, FOX Sports Gol was the most popular and largest revenue generating content offering, responsible for 36.6% of the Company's content revenue.

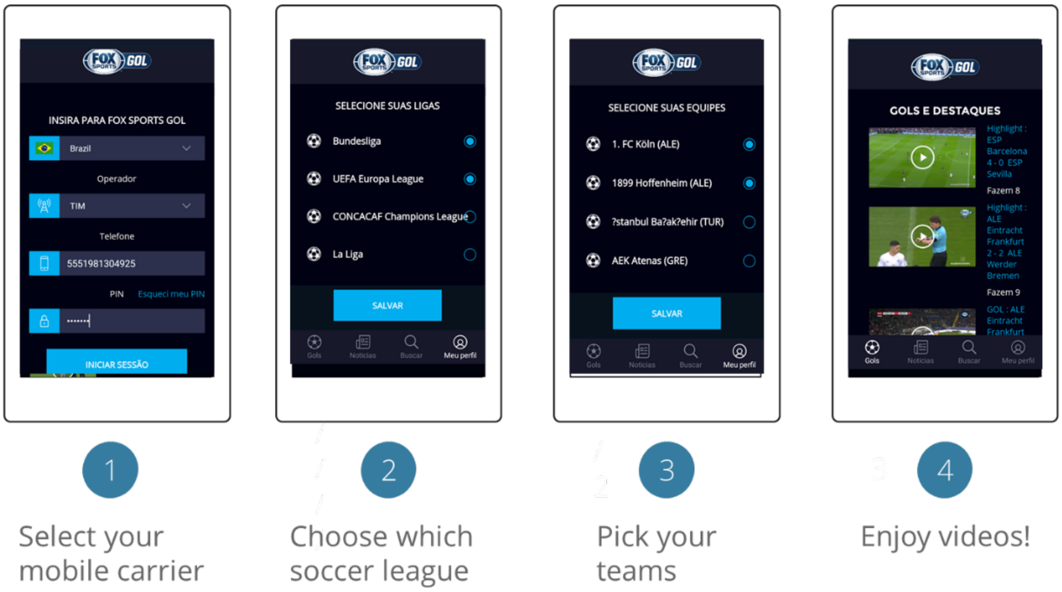


Figure 1 Fox Sport Gol App Experience

Other notable content additions introduced during the half year include: Tô Aqu by ProUser, a geolocation service which allows users to see the location of family and friends (second to Fox Sports Gol in its contribution to Syntonic's content revenue in Q2 FY20); Kidsa, an online language course for children; and *Saude 4 Patas*, a unique smartphone service that combines veterinary care coverage for 24/7 emergency and dog and cat consultations and emergency care.

The Company terminated most of its existing agreements to operate and/or support its legacy services (Freeway™ and DataFlex™) with customers including: Smart Communications' license of the Company's data-free international roaming services; AQN's sublicense to Telkomsel Indonesia; Opari for use of its sponsored data technologies; and AKTAY A.S. for DataFlex resell in Turkey.

Syntonic is working to transition its remaining carrier and partner engagements to the Syntonic RGP for content monetization. For those customers still highly dependent on Syntonic's legacy services, the Company is offering a "buy-out" license which will allow the Company to eliminate all product development, operational, maintenance and support costs associated with the legacy service.

Announced subsequent to the end of the half-year (ASX Disclosure dated 25-February 2020), Syntonic executed a buy-out license for its legacy services with Thang Long Event Limited, the Company's Vietnam-based partner with commercial agreements with Mobifone Telecommunications and Viettel which collectively represent 63 million mobile subscribers[1].

1 https://www.export.gov/apex/article2?id=Vietnam-Information-Technology

Corporate

The Company completed a pro-rata non-renounceable entitlement offer on 20 December 2019. The Entitlement Offer was fully underwritten by CPS Capital Group Pty Ltd ("CPS") for the total amount of $3.47 million. The main purpose for the Entitlement Offer was to raise funds for:

(a) repayment of US$750,000 to Obsidian Global Partners LLC (Obsidian) in respect to its convertible notes;

(b) repayment of A$750,000 to Pentin Pty Ltd in respect to the short-term loan facility with Pentin Pty Ltd, an unrelated third party, provided in immediate working capital to the Company;

(c) ongoing working capital requirements, i.e. sales, marketing, and on-going product development for the Syntonic Revenue Generation platform.

During the half year, the Company made several changes to its management team:

1. Mr Nigel Hennessy, a Syntonic non-executive director, stepped down from his role on the Board of Syntonic Limited effective 13 November 2019 to focus on his other commercial interests.
2. Mr. David Wheeler, a founding Director and Partner of Pathways Corporate, was appointed as a non-executive director effective 13 November 2019.

Subsequent to the half year, Mr Tim Slate was appointed as the Company Secretary effective 9 January 2020, replacing Mr Steven Wood and Mr Ed Meagher, as Joint Company Secretary.

Outlook

With the global brand FOX Sports on-boarded and providing validation of the Company's platform and service, Syntonic is on a growth path focused on growing its customer base of premium content providers.

With a new business focus and replacement of its past debt financing, the Company expects further execution of its strategy to grow the business and improve the deployment velocity of Syntonic's services in 2020.

Significant Change in State of Affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

Matters Subsequent to Reporting Date

9 Jan 2020	**Company Secretary Change** The Company advised that Mr Tim Slate was appointed as Company Secretary on 9 January 2020. Mr Steven Wood and Mr Ed Meagher resigned as Company Secretary on the same date.
26 Feb 2020	**Business Update** On 26 February the Company announced that Thang Long Event Limited is the first company to agree to buy-out license of Syntonic's legacy products for its Vietnamese carrier customers.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group or the results of those operations of the Group in future financial years.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the *Corporation Act 2001* is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Gary Greenbaum
Managing Director & CEO

1 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Syntonic 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:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
1 March 2020

D I Buckley
Partner

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SYNTONIC

For the half-year ended 31 December 2019

	Note	Half-Year 31 December 2019 $	31 December 2018 $
Continuing operations			
Revenue from ordinary activities	3	4,008,501	2,831,120
Other income		28,127	27,079
Revenue from continuing operations		**4,036,628**	**2,858,199**
Cost of sales		(3,255,992)	(1,804,229)
Gross profit		**780,636**	**1,053,970**
Marketing expenses		(315,019)	(490,331)
Research and development expenses		(512,124)	(869,056)
Staff expenses		(1,228,492)	(1,166,573)
Other operating expenses		(1,120,289)	(1,544,081)
Interest expense		(63,242)	(2,256)
Share based payment expense		(185,597)	(525,659)
Depreciation		(63,055)	(262)
Amortisation		(127,240)	(100,146)
Finance costs		(611,057)	(162,973)
Derecognition of contingent consideration	9	1,325,736	-
Change in value of convertible note	7	227,381	-
Unrealised gain/loss on foreign exchange		(12,379)	13,215
Loss before income tax benefit		**(1,904,741)**	**(3,794,152)**
Income tax benefit		80,309	-
Loss after income tax for the period		**(1,824,432)**	**(3,794,152)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(68,398)	(14,312)
Other comprehensive loss for the period, net of tax		**(68,398)**	**(14,312)**
Total comprehensive loss for the period		**(1,892,830)**	**(3,808,464)**
Total comprehensive loss is attributable to:			
Owners of Syntonic Limited		(1,892,830)	(3,808,464)
		(1,892,830)	**(3,808,464)**
Loss per share from continuing operations attributable to the ordinary equity holders of Syntonic Limited:			
Basic and diluted loss per share (cents)		(0.05)	(0.14)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 $	30 June 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		885,263	1,399,512
Trade and other receivables		824,456	742,806
Other assets	4	396,646	344,302
Total current assets		**2,106,365**	**2,486,620**
Non-current assets			
Other financial assets		10,505	10,792
Right-of-use asset	5	190,357	-
Property, plant and equipment		14,167	16,947
Intangible assets	6	1,874,602	2,090,471
Total non-current assets		**2,089,631**	**2,118,210**
TOTAL ASSETS		**4,195,996**	**4,604,830**
LIABILITIES			
Current liabilities			
Trade and other payables		1,489,658	1,477,158
Borrowings	7	-	993,095
Lease liabilities	8	112,823	-
Total current liabilities		**1,602,481**	**2,470,253**
Non-Current Liabilities			
Lease liabilities	8	85,975	-
Contingent consideration	9	-	1,367,851
Deferred tax liabilities		233,262	313,571
Total non-current liabilities		**319,237**	**1,681,422**
TOTAL LIABILITIES		**1,921,718**	**4,151,675**
NET ASSETS		**2,274,278**	**453,155**
EQUITY			
Contributed equity	10	44,094,864	40,566,508
Reserves	10	2,902,589	2,785,390
Accumulated losses		(45,723,175)	(42,898,743)
TOTAL EQUITY		**2,274,278**	**453,155**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2019

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$		$	$	$
Balance at 1 July 2019	40,566,508	3,057,070	(271,680)	(42,898,743)	453,155
Total comprehensive income for the period					
Loss for the period ended 31 December 2019	-	-	-	(1,824,432)	(1,824,432)
Other comprehensive loss	-	-	(68,398)	-	(68,398)
Total comprehensive loss for the period	**-**	**-**	**(68,398)**	**(1,824,432)**	**(1,892,830)**
Transactions with owners, recorded directly in equity					
Issue of shares, net of transaction costs	3,528,356	-	-	-	3,528,356
Share based payment	-	185,597	-	-	185,597
Balance at 31 December 2019	**44,094,864**	**3,242,667**	**(340,078)**	**(44,723,175)**	**2,274,278**

	Contributed Equity	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$		$	$	$
Balance at 1 July 2018	37,546,468	2,349,156	(292,274)	(35,101,182)	4,502,168
Total comprehensive income for the period					
Loss for the period ended 31 December 2018	-	-	-	(3,794,152)	(3,794,152)
Other comprehensive income	-	-	(14,312)	-	(14,312)
Total comprehensive loss for the period	**-**	**-**	**(14,312)**	**(3,794,152)**	**(3,808,464)**
Transactions with owners, recorded directly in equity					
Issue of shares, net of transaction costs	1,096,750	-	-	-	1,096,750
Share based payment	-	486,660	-	-	486,660
Balance at 31 December 2018	**38,643,218**	**2,835,816**	**(306,586)**	**(38,895,334)**	**2,277,114**

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

	31 December 2019 $	31 December 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	(3,666,173)	(4,334,048)
Receipts from customers and other debtors	1,066,372	1,714,203
Interest received	161	6,769
Interest paid	(45,301)	(2,256)
Net cash outflow from operating activities	(2,644,941)	(2,615,332)
Cash flows from investing activities		
Purchase of property, plant & equipment	-	(10,264)
Net cash paid for acquisition of business unit	-	(962,464)
Net cash inflow/(outflow) from investing activities	-	(972,728)
Cash flows from financing activities		
Proceeds from borrowings	750,000	-
Repayment of borrowings	(1,844,891)	-
Proceeds from issue of shares	3,472,033	1,111,000
Payments for share issue costs	(233,322)	(15,510)
Net cash inflow from financing activities	2,143,820	1,095,490
Net increase/(decrease) in cash and cash equivalents	(501,121)	(2,492,570)
Effect of movement in exchange rates on cash held	(13,128)	(36,962)
Cash and cash equivalents at beginning of the financial period	1,399,512	4,947,217
Cash and cash equivalents at end of the period	**885,263**	**2,417,685**

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

1. Summary of significant accounting policies

Basis of preparation
These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Syntonic Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim consolidated financial statements have been prepared on the basis of historical cost, with all amounts presented in Australian dollars.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2019, other than as detailed in the notes below.

The half year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

New and amended standards adopted by the entity
In the period ended 31 December 2019, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. Those which have a material impact on the Group are set out below.

AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information. The impact on the accounting policies, financial performance and financial position of the Group from the adoption of AASB 16 is detailed in Note 17. Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Group.

Impact of standards issued but not yet applied by the entity
The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no changes is necessary to Group accounting policies.

Statement of Compliance
The interim financial statements were authorised for issue on 1 March 2020.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIRFS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Significant Accounting Estimates and Judgements
The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2019, except for the impact of the new Standards and Interpretations effective 1 July 2019 as disclosed above.

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1. Summary of significant accounting policies continued

Going Concern

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

As disclosed in the interim report for the half year ended 31 December 2019, the Group recorded a loss of $1,824,432 and had net cash outflows from operating activities of $2,644,941 for the period ended 31 December 2019.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raising activities and securing of material revenue generating contracts to continue its operational and marketing activities.

The directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet its commitments.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

2. Segment Information

Operating Segments
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Marker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Syntonic Limited.

The Group has identified two material geographic segments in which it provides software services (Brazil and United States) and a third which provides corporate services to the group (Australia).

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the periods ending 31 December 2019 and 31 December 2018.

31 December 2019	**Brazil $**	**United States $**	**Australia $**	**Total $**
Segment performance				
Revenue from ordinary activities	3,861,770	146,731	-	**4,008,501**
Loss before income tax	(566,537)	(355,946)	(982,258)	**(1,904,741)**
Total segment assets	2,820,584	2,690,688	(1,315,276)	**4,195,996**
Total segment liabilities	(825,855)	(965,302)	(130,561)	**(1,921,718)**

31 December 2018	**Brazil $**	**United States $**	**Australia $**	**Total $**
Segment performance				
Revenue from ordinary activities	2,085,637	745,483	-	**2,831,120**
Loss before income tax	(1,118,084)	(1,853,960)	(822,108)	**(3,794,152)**
Total segment assets	3,025,173	872,128	1,574,617	**5,471,918**
Total segment liabilities	(4,187,890)	1,127,989	(134,903)	**(3,194,804)**

3. Revenue from ordinary activities

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 (see note 2).

	Six months to 31 December 2019	Six months to 31 December 2018
At a point in time		
Other – service revenue	29,214	27,598
	29,214	**27,598**
Over time		
Licensing - software	117,414	413,964
Subscriptions - software	3,861,873	2,085,984
Hosting – service revenue	-	124,189
Maintenance and support – service revenue	-	179,385
	3,979,287	**2,803,522**
Total revenue	**4,008,501**	**2,831,120**

No impairment was recorded against receivables or contract assets from contracts with customers in the six months to 31 December 2019.

Total segment revenue, being revenue generated from external customers, equals total revenue from contracts with customers for the six months to 31 December 2019. The Group confirms no adjustments and eliminations to revenue were recognised in the period.

4. Other Assets

Current	**31 December 2019**	**30 June 2019**
Prepaid expenses	254,054	201,710
Loan receivable	142,592	142,592
	396,646	**344,302**

(i) Loan receivable refers to a US$100,000 loan advanced to Rimoto Ltd ("Loan") in accordance with a Loan Agreement between Rimoto Ltd and the Company dated 23 October 2017. A subsequent Freeway Reseller Appendix was executed detailing that the Loan is now repayable by way of the Company receiving all of the Patner's share of Eligible Gross Marfin as defined in the Freeway Reseller Appendix, and all interest is waived thereunder. Until such time that the Loan is repaid in full the Loan Agreement and accompanying Security Pledge, dated 23 October 2017 shall remain in force.

5. Right-of-Use Assets

a) Carrying value

	31 December 2019 $
Recognised on 1 July 2019 on adoption of AASB 16	247,217
Accumulated depreciation	(56,860)
Balance at 31 December 2019	**190,357**

AASB 16 has been adopted during the period, refer note 17 for details.

6. Intangibles

a) Carrying value

	31 December 2019	30 June 2019
Intellectual Property at cost (i)	985,145	1,038,526
Less: Accumulated amortisation and impairment	(199,374)	(135,997)
Customer Contracts at cost (ii)	478,471	504,398
Less: Accumulated amortisation and impairment	(153,472)	(104,686)
Goodwill	763,832	788,230
	1,874,602	**2,090,471**

(i) Intellectual property includes $965,805 (US$702,430) acquired as part of the Brazilian mobile commerce business unit acquisition. As at 31 December 2019, the remaining amortisation period for this intellectual property is 67 months.

(ii) Commercial contracts acquired include $474,632 (US$345,200) as part of the Brazilian mobile commerce business unit acquisition. As at 31 December 2019, the remaining amortisation period for these customer contracts is 36 months.

(iii) The recoverable amount of intangibles is considered to be in excess of their carrying amount at balance date. A value in use calculation has been performed by senior management, over a 5 year period using a discount rate of 16% and a forecast growth rate.

b) Reconciliation of movements in intangible assets

	6 months to 31 December 2019 $	12 months to 30 June 2019
Balance at 1 July 2019	2,090,471	-
Additions	-	2,268,090
Impairment expense	-	-
Amortisation expense	(127,240)	(234,441)
Foreign exchange conversion at period end	(88,629)	56,822
Balance at 31 December 2019	**1,874,602**	**2,090,471**

7. Borrowings

	31 December 2019	30 June 2019
Convertible Notes – Host debt liability	-	783,484
Convertible Notes – Embedded derivative liability at fair value	-	209,611
	-	**993,095**

On 10th April 2019 the Group issued 1,000,000 initial convertible notes priced at USD $1 per note with a face value of USD $1.15 per note and a redemption price of USD $1.265 if redeemed in cash. The notes were issued to a single lender, being Obsidian Global Partners, LLC ("Obsidian").

The initial notes had a maturity of 90 days (unless converted earlier) and were subsequently replaced by the issue of replacement notes after being approved by shareholders on 7 June 2019. The replacement notes then had a maturity of 12 months from the date of purchase of the initial notes. All notes were converted or settled during the period to 31 December 2019.

During the period the Group entered into a short-term loan facility with Pentin Pty Ltd for A$750,000. The loan was settled from proceeds of the underwritten entitlement offer.

(a) Reconciliation of movement in host debt liability

Date	Details	No. of Convertible notes	6 months to 31 December 2019 $
1-Jul-19	Opening balance	850,000	783,484
9-Jul-19	Fourth conversion by noteholder	(60,000)	(98,067)
19-Aug-19	Fifth conversion by noteholder	(60,000)	(101,725)
6-Sep-19	Sixth conversion by noteholder	(60,000)	(101,845)
20-12-19	Settlement of remaining convertible notes	(670,000)	(1,094,891)
	Finance costs		611,057
	Foreign exchange conversion		1,987
31-Dec-19	**Closing Balance at 31 December 2019**	**-**	**-**

On 15 November 2019, the Company announced an agreement with Obsidian whereby the Company would cancel the existing convertible notes issued to Obsidian and pay to Obsidian an amount of US$750,000 in full and final settlement of the Company's outstanding debt to Obsidian.

(b) Reconciliation of movement in value of embedded derivative liability at fair value

Date	Details	$
1-Jul-19	Opening balance	209,611
	Foreign exchange conversion	17,770
	Settlement of remaining convertible notes	(227,381)
31-Dec-19	**Closing Balance at 31 December 2019**	**-**

8. Lease Liabilities

a) Carrying value

	31 December 2019 $
Current liabilities	112,823
Non-current liabilities	85,975
	198,798

b) Reconciliation

	6 months to 31 December 2019 $
Recognised on 1 July 2019 on adoption of AASB 16	247,217
FX movements	1,384
Principal repayments	(49,803)
Balance at 31 December 2019	**198,798**

AASB 16 has been adopted during the period, refer note 17 for details. Underlying assets serve as a security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

31 December 2019	Lease payments due <1 year $	1 – 2 years $	Total $
Lease payments	(133,486)	(90,580)	(224,066)
Interest	20,663	4,605	25,268
Net present value	**(112,823)**	**(85,975)**	**(198,798)**

9. Contingent Consideration

Details	6 months to 31 December 2019 $	12 months to 30 June 2019 $
Opening balance	1,367,851	-
Recognised on acquisition	-	1,186,190
Fair value adjustment	(1,325,736)	137,683
Foreign exchange adjustment	(42,115)	43,978
Closing Balance at 31 December 2019	**-**	**1,367,851**

The contingent consideration was comprised a seller earn-out agreement where Zenvia will be entitled to an earn-out of 20% of the first US$21.5 million of contribution margin generated by the acquired assets over 3.5 years.

For the purposes of the Agreement, contribution margin was defined as the net revenue derived from the mobile commerce platform minus media marketing expenses as provided for in the Asset Purchase Agreement.

The value of the contingent consideration was assessed based on the Board's best estimate of the contingent consideration at acquisition date. The estimated value of yearly contingent consideration was then discounted to determine the net present value of the contingent consideration.

9. Contingent Consideration continued

The reversal of the contingent consideration resulted in a gain in the Statement of Profit or Loss and Other Comprehensive Income of $1,325,736, and a foreign exchange gain of $42,115. The contingent consideration is a level 3 financial liability in the fair value hierarchy and is measured at balance date at fair value on a recurring basis.

As at 31 December 2019, the Board has reviewed the contribution margin generated by the acquired assets in the Asset Purchase Agreement and do not consider the earn-out target will be met. As a result, the Board has reversed the balance of the contingent consideration provision.

The Directors do not consider this to be an indicator of impairment due to the new contracts obtained post acquisition on in August 2018. The market capitalisation of the Company at balance date justifies the carrying amount of net assets. Refer to Note 6 for further details.

10. Contributed Equity

a) Issued Capital

	31 December 2019		30 June 2019	
	$	No.	$	No.
Ordinary shares issued and fully paid	44,094,864	6,944,065,512	40,566,508	3,288,287,588
	44,094,864	**6,944,065,512**	**40,566,508**	**3,288,287,588**

b) Movement reconciliation

Date	Ordinary Shares	No. of Ordinary Shares	6 months to 31 December 2019 $
1-Jul-19	Opening balance	3,288,287,588	40,566,508
9-Jul-19	Conversion of 60,000 convertible notes	54,481,713	98,067
19-Aug-19	Conversion of 60,000 convertible notes	53,822,699	101,725
6-Sep-19	Conversion of 60,000 convertible notes	75,440,756	101,845
9-Dec-19	Issue of shares under Entitlement Offer	1,187,704,520	1,187,704
20-Dec-19	Issue of shares under Entitlement Offer	2,284,328,236	2,284,328
	Share issue costs	-	(245,313)
31-Dec-19	**Closing Balance at 31 December 2019**	**6,944,065,512**	**44,094,864**

c) Reserves

	31 December 2019 $	30 June 2019 $
Share based payment reserve	3,242,667	3,057,070
Foreign currency translation reserve	(340,078)	(271,680)
	2,902,589	**2,785,390**

d) Performance rights

Refer to Note 11 for details of performance rights issued during the period.

11. Share Based Payments

From time to time, the Group provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

Options in existence during the period

Options vest on their respective vesting dates with the following conditions.

	Class of Options	Issue Date	Exercise Price	Expiry Date	Vesting Date	Disposal Restriction
A	15,000,000 employee options	7 Apr 2017	$0.030	28 Feb 2027	Multiple	None
B	133,333,333 broker options	18 Dec 2017	$0.030	31 Dec 2020	Immediately on issue	None
C	16,386,763 employee options	6 Jul 2018	$0.014	6 Jul 2028	Multiple[1]	None
D	900,000 employee options	6 Jul 2018	$0.014	6 Jul 2028	Multiple[2]	None
E	43,638,984 consultant options	16 Oct 2018	$0.012	16 Oct 2023	Multiple[3]	None
F	97,167,357 employee options	14 Nov 2018	$0.009	14 Nov 2028	Multiple[4]	None
G	5,000,000 consultant options	24 Jan 2019	$0.02	24 Jan 2024	24 Jan 2020	None
H	10,000,000 consultant options	24 Jan 2019	$0.04	24 Jan 2024	24 Jan 2021	None

1. One-third of the Unlisted Options will vest upon the successful deployment of the white labelled version of the Freeway data roaming services by Smart Communications with the two remaining thirds vesting on the 24 and 36 month anniversaries from 21 May 2018, subject to continuous engagement.
2. 25% of the Unlisted Options vested on 11 December 2018 with the remaining 75% vesting in equal monthly instalments over the next 48 months subject to continuous engagement
3. 50% of the Unlisted Options vest upon the successful deployment of Syntonic technology commonly known as "Freeway" by Smart Communications; the remaining 50% vest 12 months following execution of the Services Agreement and conditioned upon Syntonic technology licensing agreements with numerous parties.
4. 13,881,051 of the Unlisted Options vested immediately, 13,881,051 will vest on 1 May 2019 and 1 October 2019 respectively, and the remaining 55,524,204 of the Unlisted Options will vest in equal monthly instalments over the next 24 months subject to continuous engagement.

No options were issued during the period.

Performance Rights

On 16 December 2019, the Company issued the following Performance Rights to Directors of the Company, following shareholder approval obtained during the Annual General Meeting held on 18 November 2019:

11. Share Based Payments (continued)

Set out below are the summaries of performance rights granted during the year:

	Number	Grant date	Expiry date	Issue price at grant date	Fair value at grant date	Conversion milestones
Class A	199,300,830	19 November 2019	31 December 2020	$0.0010	$0.0010	Converted into shares subject to the Company achieving an EBIDTA positive quarter prior to 31 December 2020
Class B	199,300,830	12 November 2019	31 December 2022	$0.0010	$0.0010	Converted into shares subject to the Company achieving a $1.5 million or more EBITDA in any calendar quarter prior to 31 December 2022

The Board has assessed the likelihood that each performance hurdle will be achieved. The Board considers the likelihood that Class A Performance Rights hurdles are achieved to be approximately 80%, and the likelihood that Class B Performance Rights hurdles are achieved to be approximately 100%, and as a result the value of the rights is being expensed over the vesting period being from the date of grant to 31 December 2020 abd 31 December 2022.

12. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

13. Financial instruments

a) Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

13. Financial instruments (continued)

The following tables show the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31 December 2019 and 30 June 2019:

	Six months to 31 December 2019 Fair value $	**Year to 30 June 2019 Fair Value $**	**Fair value Hierarchy**	**Valuation Technique**
US-Dollar loans	142,952	142,952	Level 2	Observable exchange rates
Contingent consideration in a business combination (i)	-	1,367,851	Level 3	Discounted cash flow

(i) Contingent consideration in a business combination:

As at 31 December 2019, the Board has reviewed the contribution margin generated by the acquired assets in the Asset Purchase Agreement and do not consider the earn-out target will be met. As a result, the Board has reversed the balance of the contingent consideration provision.There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2019 and year ended 30 June 2019.

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of cash, current receivables and current payables are considered to be a reasonable approximation of their fair values.

14. Commitments

There are no new commitments, other than the commitments that existed as at 30 June 2019 that the Group has entered into during the period under review.

15. Contingent Assets and Liabilities

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

16. Events subsequent to reporting date

9 Jan 2020	**Company Secretary Change** The Company advised that Mr Tim Slate was appointed as Company Secretary on 9 January 2020. Mr Steven Wood and Mr Ed Meagher resigned as Company Secretary on the same date.
26 Feb 2020	**Business Update** On 26 February the Company announced that Thang Long Event Limited is the first company to agree to buy-out license of Syntonic's legacy products for its Vietnamese carrier customers.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

17. New standards adopted

AASB 16 Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on retained earnings under this approach, and comparatives have not been restated.

The Group leases various premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price pf purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there us a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.
Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

17. New standards adopted continued

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16
On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 15%. On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised In the Statement of Financial Position as at 30 June 2019. In the Condensed Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities. The adoption of AASB 16 resulted in the recognition of right-of-use assets of $247,217 and lease liabilities of $183,465 in respect of all operating leases, other than short-term leases and leases of low-value assets. The net impact on accumulated losses on 1 July 2019 was nil.

Reconciliation of operating lease commitments previously disclosed and lease liabilities on 1 July 2019

	$
Operating lease commitments disclosed at 30 June 2019	288,721
Discounted using borrowing rate at initial application	(41,304)
Lease liability at 1 July 2019	247,217

DIRECTOR'S DECLARATION

The directors of the company declare that:

(a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:

 (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

 (ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half year ended 31 December 2019.

(b) At the date of this statement there are reasonable grounds to believe that Syntonic Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Gary Greenbaum
Managing Director & CEO

1 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Syntonic Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Syntonic Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Syntonic Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group'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 the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
1 March 2020