

Lifespot Health Ltd ACN 611 845 820 and Controlled Entities

Interim Financial Report

APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2017

Results for Announcement to the Market

Key Information	Consolidated Group	Company	% Changes
	Half-year Ended 30 June 2017	13 April 2016 to 30 June 2016	
	\$	\$	
Revenue from ordinary activities	148,960	228	65,233%
Profit/(loss) after tax from ordinary activities attributable to members	(1,344,354)	(31,165)	4,213.66%
Net profit/(loss) attributable to members	(1,344,354)	(31,165)	4,213.66%

Explanation of Key Information

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

Net Tangible Assets per Share

	Consolidated Group	Company
	Half-year Ended 30 June 2017	13 April 2016 to 30 June 2016
	\$/Share	\$/Share
Net tangible assets per share	0.077	0.008

Dividends

No dividends have been paid or proposed during the period (2016: Nil).

DIRECTORS' REPORT

Your directors submit the interim financial report of the consolidated group for the half-year ended 30 June 2017.

Directors

The names of directors who held office during or since the end of the half-year:

- Tilo Brandis – Non-Executive Chairman
- Heinrich Emden – Executive Director
- Francesco Cannavo – Non-Executive Director
- Mark Tablot – Executive Director
- Philip Bekhor – Non-Executive Director

Company information

The Company was incorporated on 13 April 2016, therefore the comparative period for the Company is for the period 13 April 2016 to 30 June 2016 ("the period").

The Company for accounting purposes acquired its subsidiaries BodyTel GmbH and Lifespot AG on 28 December 2016 and began to consolidate the assets, liabilities and results of the subsidiaries from this date. To this end, the group for the purposes of preparing these interim accounts does not have any comparatives. To this end the Board of Directors has formed the view that it would be sufficient to only disclose the financial information of the Company. No current financial information of the Company has been disclosed in the financial statements as a result instead, the summarised financial information of the Company as at 30 June 2017 and for the period has been disclosed in note 6 of these interim financial statements.

Review of Operations

The first half of 2017 has been a period of expanding the product mix in the telemonitoring business of BodyTel leading to opportunities for LSH into the Global Home care & assisted-living market and allied service sector as recently seen with the formation of the consortium to tackle this market initially in Australia to demonstrate the effectiveness of the ecosystem.

The enhanced product mix consists of the following elements;

- Personal
- Mobile Carer
- Home
- Personal Premium
- Home Premium

It is the intention of LSH to release the "Personal" App format in Q3 of 2017 to the app stores with the completion of the "Personal Premium" product early Q4 2017 to extend the offering of the "Personal" to include additional functionality. Both Apps are targeted to the end consumer and SaaS revenue is expected to grow over the coming quarters as market presence lifts. Activity to secure a major product partner to add connected devices is underway with and expected result in Q3 2017.

The relationship with B Braun continues and we are presently working towards completing the App and preparing to assist B Braun in its global launch of the new Omnitest device. Beurer is on track to begin development of its latest Blood Pressure Monitor in late Q3 2017.

The development of the Mobile Carer and Home platforms continues with the collaboration of a European industry partner to expand the functionality of the system. This activity is expected to continue until mid Q4 2017 with a beta product completed ready for testing. The decision to partner shortened the development time line by 12 to 18 months.

Lifespot Skin lead by Dr Uli von Sobbe has continued to work with the University of Munster in the development of the machine learning algorithms to diagnose skin disorders. Further

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DIRECTORS' REPORT

development is expected next quarter including a revised commercialisation pathway.

Seng Vital lead by Gregor Schommer visited Australia to meet with developers and manufacturers in the region. At the conclusion, it was agreed that Seng Vital would move its development and manufacturing base to Melbourne Australia.

In summary, LSH is positioned to enter the Global Home Care & assisted-living market currently valued at US\$228B and is expected to generate long term revenue opportunities from simple SaaS models in its "Personal" product through to complete home care incorporating SaaS and hardware in an integrated way, currently not seen in the market, on a global basis.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 30 June 2017.

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



Frank Cannavo
Director

Dated this day of 31 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lifespot Health Ltd for the half-year ended 30 June 2017, 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.

This declaration is in respect of Lifespot Health Ltd and the entities it controlled during the period.



HLB Mann Judd
Chartered Accountants

Melbourne
31 August 2017



Jude Lau
Partner

HLB Mann Judd (VIC Partnership)

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

Email: mailbox@hlbvic.com.au | Website: www.hlbvic.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group Half-year Ended 30 June 2017	Company 13 April 2016 to 30 June 2016
		\$	\$
Revenue		148,960	228
Cost of sales		(97,699)	-
Consulting fees		(145,333)	-
Legal fees		(26,880)	-
Audit fees		(50,892)	-
Insurance		(75,537)	-
Depreciation & amortisation		(66,440)	-
Directors' fees		(87,808)	(20,000)
Travel expenses		(26,923)	(11,219)
Employee benefits expense		(623,812)	-
Other expenses		(307,528)	(174)
Profit / (Loss) before income tax		(1,359,892)	(31,165)
Income tax expense/(benefit)		15,538	-
Profit / (Loss) from continuous operations		(1,344,354)	(31,165)
Other Comprehensive income, net of tax			
Exchange difference in translating of foreign operations		23,403	-
Total comprehensive income/(loss) for the period		(1,320,951)	(31,165)
Net profit/(loss) attributable to:			
– members of the parent entity		(1,320,951)	(31,165)
		(1,320,951)	(31,165)
Total comprehensive income/(loss) attributable to:			
– members of the parent entity		(1,320,951)	(31,165)
		(1,320,951)	(31,165)
Earnings per share			
From continuing and discontinued operations:			
– basic earnings per share (cents)		(0.18)	(0.01)
– diluted earnings per share (cents)		(0.18)	(0.01)
From continuing operations:			
– basic earnings per share (cents)		(0.18)	(0.01)
– diluted earnings per share (cents)		(0.18)	(0.01)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated Group	
		As at 30 June 2017	As at 31 December 2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,811,703	7,610,505
Trade and other receivables		229,116	614,480
TOTAL CURRENT ASSETS		6,040,819	8,224,985
NON-CURRENT ASSETS			
Property, plant and equipment		45,143	27,003
Intangible assets		267,313	323,440
TOTAL NON-CURRENT ASSETS		312,456	350,443
TOTAL ASSETS		6,353,275	8,575,428
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		345,403	1,185,337
TOTAL CURRENT LIABILITIES		345,403	1,185,337
NON-CURRENT LIABILITIES			
Deferred tax liabilities		62,571	77,033
TOTAL NON-CURRENT LIABILITIES		62,571	77,033
TOTAL LIABILITIES		407,974	1,262,370
NET ASSETS		5,945,301	7,313,058
EQUITY			
Issued capital		8,018,190	8,018,190
Options Reserves		220,000	220,000
Foreign Currency Translation Reserve		(23,403)	-
Other Reserves		(576,768)	(576,768)
Accumulated Losses		(1,692,718)	(348,364)
TOTAL EQUITY		5,945,301	7,313,058

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED

30 JUNE 2017

	Note	Issued Capital	Accumulated Losses	Options Reserve	Foreign Currency Translation Reserve	Other Reserves	Total
Company		\$	\$	\$	\$	\$	\$
Balance at 13 April 2016		-	-	-	-	-	-
Comprehensive income							
Loss for the period		-	(31,165)	-	-	-	(31,165)
Total comprehensive income for the period		-	(31,165)	-	-	-	(31,165)
Transactions with owners, in their capacity as owners, and other transfers							
Issued Shares		301,000	-	-	-	-	301,000
Total transactions with owners and other transfers		301,000	-	-	-	-	301,000
Balance at 30 June 2016		301,000	(31,165)	-	-	-	269,835
Consolidated Group							
Balance as at 1 January 2017		8,018,190	(348,364)	220,000	-	(576,769)	7,313,057
Comprehensive Income							
Loss for the period		-	(1,344,354)	-	-	-	(1,344,354)
Other comprehensive income		-	-	-	(23,403)	-	(23,403)
Total comprehensive income for the period		-	(1,344,354)	-	(23,403)	-	(1,367,757)
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 30 June 2017		8,018,190	(1,692,718)	220,000	(23,403)	(576,768)	5,945,301

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
30 JUNE 2017

	Consolidated Group Half-year Ended 30 June 2017	Company 13 April 2016 to 30 June 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	253,159	(73,197)
Payments to suppliers and employees	(2,231,311)	-
Interest received	-	251
Net cash (used in)/provided by operating activities	<u>(1,978,152)</u>	<u>(72,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Repayment of Loan	179,350	-
Net cash (used in)/provided by investing activities	<u>179,350</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	346,000
Net cash (used in)/provided by financing activities	<u>-</u>	<u>346,000</u>
Net increase/(decrease) in cash held	(1,798,802)	273,054
Cash and cash equivalents at beginning of period	<u>7,610,505</u>	<u>-</u>
Cash and cash equivalents at end of period	<u><u>5,811,703</u></u>	<u><u>273,054</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Basis of Preparation**

These general purpose interim financial statements for half-year reporting period ended 30 June 2017 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group and the Company are a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lifespot Health Ltd and its controlled entities (referred to as the “consolidated group” or “group”). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 31 August 2017.

b. **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

c. **Comparative Period**

The Company was incorporated on 13 April 2016, therefore the comparative period for the Company is for the period 13 April 2016 to 30 June 2016 (“the period”).

The Company for accounting purposes acquired its subsidiaries BodyTel Gmbh and Lifespot AG on 28 December 2016 and began to consolidate the assets, liabilities and results of the subsidiaries from this date. To this end, the group for the purposes of preparing these interim accounts does not have any comparatives. To this end the Board of Directors has formed the view that it would be sufficient to only disclose the financial information of the Company. No current financial information of the Company has been disclosed in the financial statements as a result instead, the summarised financial information of the Company as at 30 June 2017 and for the period has been disclosed in note 6 of these interim financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 2: OPERATING SEGMENTS

General Information

Identification of reportable segments

The Group is currently developing its Body System and Lifespot System Technology. This is deemed to be one industrial segment for reporting purposes.

Revenue by geographical region

Revenue, including revenue from discounted operations, attributable to external customers is disclosed below, based on the location of the external customer:

	Consolidated Group Half Year 30 June 2017	Company 13 April 2016 to 30 June 2016
	\$	\$
Australia	-	228
Germany	148,960	-
Total Revenue	148,960	228

Reconciliation of net results

Assets by geographical region

The location of segment assets by geographical location of the assets disclosed below:

	Consolidated Group Half Year 30 June 2017	Consolidated Group 31 December 2016
	\$	\$
Australia	5,876,177	8,032,208
Germany	477,098	543,220
Total Assets	6,353,275	8,575,428

Liabilities by geographical region

The location of segment liabilities by geographical location of the liabilities disclosed below:

	Consolidated up Half Year June 2017	Consolidated Group 31 December 2016
	\$	\$
Australia	86,569	669,978
Germany	321,405	592,392
Total Liabilities	407,974	1,262,370

The Group has no major customers to whom it provides both products and services at reporting date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

NOTE 3: CONTINGENT LIABILITIES

There are no contingent liabilities at reporting date.

NOTE 4: EVENTS AFTER THE END OF THE INTERIM PERIOD

No significant events have arisen since the balance date requiring to be disclosed.

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Instruments

The carrying amount of the financial instruments of the Group and Company approximate their fair value.

NOTE 6: SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Company Half-year Ended 30 June 2017	Company 13 April 2016 to 30 June 2016
	\$	\$
Revenue	-	228
Consulting fees	(145,333)	-
Legal fees	(26,880)	-
Audit fees	(50,892)	-
Insurance	(75,537)	-
Directors fees	(87,808)	(20,000)
Travel expenses	(26,923)	(11,219)
Other expenses	(114,003)	(174)
Profit / (Loss) before income tax	(527,376)	(31,165)
Income tax expense/(benefit)	-	-
Profit / (Loss) from continuous operations	(527,376)	(31,165)
Other Comprehensive income, net of tax		
Total comprehensive income/(loss) for the period	(527,376)	(31,165)

Lifespot Health Limited ACN 611 845 820 and Controlled Entities

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Company As at 30 June 2017 \$	Company As at 31 December 2016 \$	Company As at 30 June 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5,732,175	7,610,051	273,054
Trade and other receivables	1,174,847	407,757	78,502
TOTAL CURRENT ASSETS	6,907,022	8,017,808	351,556
NON-CURRENT ASSETS			
Intangible assets	14,400	14,400	-
Investment	540,420	540,420	-
TOTAL NON-CURRENT ASSETS	554,820	554,820	-
TOTAL ASSETS	7,461,842	8,572,628	351,556
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	86,569	669,979	51,721
Funds received in advance of share issue	-	-	30,000
TOTAL CURRENT LIABILITIES	86,569	669,979	81,721
TOTAL LIABILITIES	86,569	669,979	81,721
NET ASSETS	7,375,273	7,902,649	269,835
EQUITY			
Issued capital	8,018,190	8,018,190	301,000
Options Reserves	220,000	220,000	-
(Accumulated Losses)	(862,917)	(335,541)	(31,165)
TOTAL EQUITY	7,375,273	7,902,649	269,835

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Lifespot Health Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 12 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity financial position as at 30 June 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director

Frank Cannavo

Dated this 31 August 2017

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Independent auditor's review report to the members of Lifespot Health Ltd**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Lifespot Health Ltd ("the company") and its controlled entities ("the Group" or "the consolidated entity") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 consolidated entity's financial position as at 30 June 2017 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.

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 (VIC Partnership)

Level 9, 575 Bourke Street, Melbourne VIC 3000 | GPO Box 2850, Melbourne VIC 3001 | DX 154 Melbourne | Tel: +61 (0)3 9606 3888 | Fax: +61 (0)3 9606 3800

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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 Lifespot Health Ltd 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 30 June 2017 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*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Melbourne
31 August 2017

A handwritten signature in blue ink, appearing to be 'Jude Lau'.

Jude Lau
Partner

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