

HERA
MED 

HERAMED LIMITED

ABN 65 626 295 314

**ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2019**



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CORPORATE DIRECTORY

Directors

Dr Ronald Weinberger	Non-Executive Chairman
Mr David Groberman	Executive Director/Chief Executive Officer
Mr Tal Slonim	Executive Director/Chief Operating Officer
Mr David Hinton	Non-Executive Director
Mr Doron Birger	Non-Executive Director

Company Secretary

Mr Jonathan Hart

Registered Office

Suite 3, Level 10
23-25 Hunter Street
Sydney NSW 2000
Telephone: +61 (2) 8379 2961

Auditors (Australia)

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Legal Advisers (Australia)

David Selig
Level 11, 52 Phillip Street
Sydney NSW 2000

Legal Advisers (Israel)

Pearl Cohen Zedek Latzer Baratz
Azrieli Sarona Tower, 121 Menachem Begin Rd.
Tel Aviv, Israel 6701203

Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000
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ASX Code

HMD

CHAIRMAN AND CEO REVIEW

To our fellow Shareholders,

We would firstly like to thank you for your ongoing support. 2019 has been a transformational year for HeraMED and we reached a number of significant milestones propelling us towards fulfilling our mission of providing expectant mothers around the world with the medically approved and fully integrated Hybrid Maternity Care platform to better manage and monitor their pregnancy at home and decrease pre- and post-natal complications.

Product Progression

During FY2019, our primary focus was product development and enhancement to not only increase our competitive advantage but to ensure our HeraCARE and HeraBEAT offerings are seamlessly integrated and professionally validated providing the best care to patients.

While no lack of challenges, our fundamental strategy was successful, and we received 510(K) clearance from the US Food and Drug Administration (FDA) for our HeraBEAT foetal ultrasonic heart rate monitor for professional use, which subsequently enables us to initiate discussions with potential US partners, expand our projects globally with the signing of an agreement with Berlin based midwife service provider, Kinderheldin GmbH.

This development was also driven by our ever-strengthening relationship with Mayo Clinic. During the year, we joined forces to co-develop our new HeraCARE platform based on their successful OB Nest Project. As part of this cooperation, we are working to build our OrionAI solution which is a revolutionary Artificial Intelligence (AI) SaaS that will leverage machine learning-based algorithms to empower medical professionals offering a much wider perspective, automated and efficient analysis of a diverse range of pregnancy complications.

Additionally, we strengthened and expanded our relationship with a leading Brazilian healthcare group, Hapvida following an initial order of 100 HeraBEAT devices. We have fully integrated HeraCARE PRO cloud-based solution into Hapvida's IT systems and the platform is now fully operational across multiple locations and is being utilised by medical professionals and patients.

These achievements are significant for us and demonstrate the sector's willingness to adopt technology in order to provide a healthcare service of the highest quality.

Commercial Highlights

As highlighted earlier, FY2019 was a transformational year for us and we reached a number of landmarks in our commercial development. We continue to optimise our offering based on feedback and cooperation with our professional network of partners and supporters, moving primarily from a hardware to a combined service-based model.

In addition to product specific developments, we executed a global distribution strategy to drive commercialisation and adoption in order to deliver material progress across all initiatives. We completed all final translation and integration requirements in Germany, Turkey, and Spain while we continue to implement our region-specific growth strategy.

Completing these steps provides an excellent platform from which to grow. Our product offering is rapidly scalable as opportunities arise.



Highly focused corporate team

As part of our global growth strategy, in December 2019 we completed a successful placement of A\$1.42 million. This funding allows HeraMED to initiate its US market penetration strategy and progress relationships with key medical organisations and insurance companies. Importantly, the capital raised will also assist HeraMED to progress pilots and clinical trials for the HeraBEAT Plus and potentially HeraCARE solutions with our current medical partners, as well as assist uptake in key markets such as Germany, UK, Australia and others.

We also strengthened our Advisory Board with the appointment of Dr Paul A. Friedman, current Chair of the Department of Cardiovascular Medicine at the Mayo Clinic in Rochester, Minnesota. Dr Friedman was previously named Minnesota's top inventor and will focus on the development on the collaborative platform with Mayo Clinic.

We also appointed Dr Arturo Weschler MD as VP Innovation to lead our HeraCARE and OrionAI operations. Dr Weschler is a highly experienced physician and digital health entrepreneur who has held multiple senior positions and was CIO (Chief Information Officer) of one of Israel's largest healthcare organisations for 11 years. His aim is to leverage his existing connections to expand our network of healthcare providers.

2020 Outlook

Our world is facing an unprecedented health, social and economic crisis at a scale not seen in recent times. The high levels of global uncertainty create significant challenges, however also opens new, substantial opportunities for HeraMED. It is unfortunate that the present crisis has had to drive the message home that remote monitoring is a critical part of our healthcare future. The most qualified medical and professional organisations such as The American College of Obstetricians and Gynaecologists (ACOG) and the Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) have just recently recognised and emphasized the need for extensive telehealth service, digital tools and a comprehensive homecare-based approach. Their acknowledgement and support go beyond general statements and quickly becomes a functional reality. While writing these lines, the operational arms such as the Australian Ministry of Health, the FDA and the US Medicaid insurance schemes are rapidly adopting the recommendation, updating their programs and proactively increasing their offerings, support and reimbursement models.

While in some parts of the world, the COVID-19 is just starting to show its effect, it seems that Asia is showing some signs of economic recovery which is an encouraging sign. We believe that the importance and crucial need for patient home and remote monitoring and specifically pregnancy remote management will receive more acknowledgement, attention and support by the different stakeholders in the industry including government, insurers, payers and providers.

We expect to see ongoing momentum of support and acknowledgment from the professional community, advancing clinical trials and pilots to establish our unique medical positioning and advantage, and leverage the above to a commercial success.

While offering unique opportunities for HeraMED, COVID-19 also presents significant challenges for all companies globally and HeraMED is not different. The Company had to carefully and responsibly adjust its operational costs keeping a dynamic and flexible approach optimising our ability to go through the crisis. We further had to implement strict health and safety procedures internally and take all possible measures to mitigate the challenges of working from home. As with manufacturing companies globally, supply chain management remains a challenge. The Company is in the process of solving supply chain difficulties by utilising alternate suppliers and manufacturers in Israel and globally.

Again, we would like to thank you for your ongoing support.

Sincerely,

Ron Weinberger

Dr Ron Weinberger
Chairman

David Groberman

Mr David Groberman
Chief Executive Officer

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of HeraMED Limited ("the Company" or "HeraMED") and its controlled entity ("the Group") for the financial year ended 31 December 2019.

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name	Status	Appointed
Dr Ronald Weinberger	Non-Executive Chairman	21 Aug 2018
Mr David Groberman	Executive Director/CEO	25 Sept 2018
Mr Tal Slonim	Executive Director/COO	27 Sept 2018
Mr David Hinton	Non-Executive Director	21 Aug 2018
Mr Doron Birger	Non-Executive Director	5 Oct 2018

Principal Activities

The principal continuing activities of the Group during the year was the development and manufacture of foetal heart beat monitors and other pregnancy monitoring solutions designed for both home and professional use.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2019 (2018: nil).

Operating and Financial Review

Unless otherwise stated all figures in this report are in the Company's presentation currency US\$.

HeraMED Limited incurred a loss for the year of \$3,128,885 (2018: \$3,766,480). The net assets of the Group have decreased by \$1,952,151, from \$4,340,037 at 31 December 2018 to net assets of \$2,387,886 at 31 December 2019. Revenues from sale of goods and services increased to \$145,389 for the year ended 31 December 2019 from \$77,169 for the year ended 31 December 2018.

As at 31 December 2019, the Group's cash and cash equivalents were \$2,045,612 compared to \$4,033,829 at 31 December 2018.

Key highlights during the year

During the year ended 31 December 2019, the Company had the following highlights:

- Major Brazilian health care group placed initial pilot order for HeraMED's cloud-based SaaS pregnancy monitoring service.
- Manufacturing agreement signed with leading medical device manufacture – Quasar, to increase production and improve cost effectiveness of HeraBEAT™.
- Leading digital healthcare executive, Dr Arturo Weschler MD appointed to lead Orion Artificial Intelligence operation.
- Head of Cardiology at the Mayo Clinic, Dr Paul Freidman appointed to HeraMED Advisory Board.
- HeraCARE PRO successfully integrated into Hapvida's hospital systems.
- HeraMED entered the German market after securing an initial order with major electronics distributor Duttonhofer Group.
- HeraMED and Mayo Clinic teamed up to co-develop a new platform based on Mayo Clinic successful OB Nest project.
- HeraMED received 510(k) clearance from the US Food and Drug Administration (FDA) for HeraBEAT US (United States) foetal ultrasonic heart rate monitor.
- Cooperation Agreement secured with Kinderheldin GmbH to add online midwifery service in Germany.
- A\$1.42m placement to investors to pursue growth opportunities.



Business strategies and prospects for future financial years

The Company continues to progress its business development initiatives and strategic planning for its US market entry. HeraMED Limited will increase its focus on expanding partnerships with top-tier medical organisations and progress agreements with insurance companies with the aim to drive solution uptake.

HeraMED Limited will aim at expediting the development and initiate discussions for piloting and clinical trials of HeraCARE, as well as ongoing development of its product suite and new technologies.

Significant changes in the state of affairs

There were no significant changes to the Company or the state of its affairs during the year except for the issue of 9,184,076 ordinary shares raising \$916,071 net of issuance expenses.

Subsequent Events

HeraMED accessed unique pregnancy database to strengthen OrionAI – HeraMED’s cloud based, machine learning software-as-a-service (SaaS) platform.

HeraMED appointed US General Manager of Operations to lead the development of a commercial strategy and expedite the Company’s entry into the US market.

Mayo Clinic to initiate a clinical study to evaluate HMD’s HeraBEAT Plus solution.

The World Health Organisation announced that the coronavirus (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage. The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such, the Group is unable to estimate the effects of the COVID-19 outbreak on the Group’s financial position, liquidity and operations in the 2020 financial year.

There were no other material events after the reporting period other than the above.

Information on Directors**Ron Weinberger**

Non-Executive Chairman

Qualifications

PhD (Medical Biochemistry), BSc (Hons) Molecular Pharmacology

Experience

Dr Weinberger is an experienced technology and business development executive, with a demonstrated history of building significant value at multiple levels in the medical device industry. Dr Weinberger is the former Executive Director and CEO of Nanosonics (ASX: NAN). During his time at Nanosonics, he co-developed their platform technology, launched their breakthrough product Trophon globally and created North American sales team to work alongside GE Healthcare. He also developed the distribution strategy for Europe having partnered with Toshiba Medical Systems (now Canon Medical Systems) and Miele Professional.

Interest in Shares and Options at the date of this report

125,000 Ordinary Shares, 75,000 Ordinary Shares escrowed until 12 Dec 2020 and 100,000 Unlisted Options expiring 5 Dec 2021 exercisable at \$0.25 escrowed until 12 Dec 2020

Directorships held in other listed entities (last 3 years)

Nil

David Groberman

Executive Director/Chief Executive Officer

Qualifications

BSc *cum laude*

Experience

Mr Groberman is a mechanical and bio-medical engineer with over 16 years of experience in developing multi-disciplinary medical technologies across a wide spectrum of the industry. He spent over 8 years as co-founder and Chief Technology Officer at Meytar R&D – one of the leading service provide firms in Israel. During his time with Meytar R&D, he gained extensive, hands-on knowledge and capabilities, leading some of the most challenging projects in the field of multi-disciplinary medical and high-tech devices, ranging from implants to invasive mechanical, electro-mechanical and opto-mechanical instruments, surgical apparatuses and applicators, monitoring, diagnosis and scanning equipment.

Interest in Shares and Options at the date of this report

9,245,418 Ordinary Shares escrowed until 12 Dec 2020
3,187,500 Unlisted Options expiring 5 Dec 2021 exercisable at A\$0.25 escrowed until 12 Dec 2020
463,752 Unlisted Options expiring 5 Dec 2021 exercisable at A\$0.00002 escrowed until 12 Dec 2020

Directorships held in other listed entities (last 3 years)

Nil

Tal Slonim

Executive Director/Chief Operations Officer

Qualifications

BSc *cum laude*, MBA

Experience

Mr Slonim is a qualified engineer and operations manager with over 21 years of experience. He is the co-founder and part-time CEO of Meytar R&D, one of Israel's top R&D services firm. Mr Slonim brings vast knowledge, hands-on capabilities and profound experience in system design of multi-disciplinary, integrated solutions as well as transition to mass manufacturing and production line erection and validation.

Interest in Shares and Options at the date of this report

9,245,418 Ordinary Shares escrowed until 12 Dec 2020
3,187,500 Unlisted Options expiring 5 Dec 2021 exercisable at A\$0.25 escrowed until 12 Dec 2020
463,752 Unlisted Options expiring 5 Dec 2021 exercisable at A\$0.00002 escrowed until 12 Dec 2020

Directorships held in other listed entities (last 3 years)

Nil

David Hinton

Non-Executive Director

Qualifications

B.Bus, FCA, GAICD, AGIA, ICSA

Experience

Mr Hinton has an extensive career in the information and technology sectors and is currently Chief Financial Officer and Company Secretary of Empired Limited, an ASX listed IT and software services provider and prior to that Amcom Telecommunications Ltd. He holds a Bachelor of Business Degree and is a Fellow of the Institute of Chartered Accountants, Graduate of the Australian Institute of Company Directors and an Associate of the Governance Institute of Australia. Mr Hinton is also a Director of Auspire - The Australia Day Council of Western Australia.

Interest in Shares and Options

25,000 Ordinary Shares

Directorships held in other listed entities (last 3 years)

Nil

Doron Birger

Non-Executive Director

Qualifications

BA(Econ), MA(Econ)

Experience

Mr Birger is the former Chairman of Given Imaging (NASDAQ/TASE: GIVN), CEO of Elron electronic industries (Nasdaq / TASE: ELRN) and was a board member, during different periods, in a variety of publicly traded companies (including Elbit Systems, Elbit Ltd, NetVision, Icecure, Medigus, HBL Hadasit, Insuline, MCS and Starling). During such period, he was involved in investments, merger and acquisitions, exits, public offerings on NASDAQ and TASE and private equity rounds totalling billions of dollars. Mr Birger currently serves as chairman and board member and consultant to a variety of technology companies, mainly in the medical device field, and conducts many voluntary and public activities.

Interest in Shares and Options

Nil

Directorships held in other listed entities (last 3 years)

Chairman of Medigus LTD – traded on NASDAQ and TASE
Chairman of Insuline – traded on TASE
Director in MCS MEDICAL COMPRESSION – traded on TASE
Director in HBL Hadasit – traded on TASE
Director in Icecure – traded on the TASE

Information on Company Secretary

Jonathan Hart

Company Secretary (appointed 2 March 2020)

Qualifications

LLB, BCom

Experience

Jonathan holds a Bachelor of Laws and Commerce and has provided corporate advisory services and held several board positions on various ASX listed companies over the years. His experience includes initial public offerings on ASX (AIM and JSE), reverse takeovers, due diligence investigations, general corporate and commercial drafting, public and private mergers and acquisitions, general corporate advice in relation to capital raisings, Corporations Act 2001 and ASX compliance.

Information on Other Key Management Personnel

Sivan Sadan	Chief Financial Officer
Qualifications	BA (Economics and Management), MBA (Finance) from Tel Aviv University.
Experience	<p>Mrs Sadan has over 22 years of experience in financial management, investment banking and venture capital. In January of 2006, Mrs Sadan founded Or Capital Ltd, a boutique financial advisory firm specialising in capital raising, M&A and general financial guidance.</p> <p>Mrs Sadan has previously held key positions as part of the management team at Tamir Fishman & Co., acting as Managing Director, Head of Corporate Finance, CO-CEO of Tamir Fishman Underwriting and partner at Tamir Fishman Ventures.</p> <p>Mrs Sadan served as an external director on the board of Poalim IBI, a leading underwriting company in Israel, held partially by Bank Hapoalim (one of the largest commercial banks in Israel).</p>
Interest in Shares and options	<p>179,732 Ordinary Shares escrowed until 12 December 2020 (including shares held by Or Capital Ltd)</p> <ul style="list-style-type: none"> • 307,196 Unlisted Options fully vested expiring 5 Dec 2021 exercisable at A\$0.00002 escrowed until 12 Dec 2019 • 200,000 unlisted options vested over 3 years starting 15 August 2019 expiring 15 August 2024 exercisable at A\$0.165 • 574,000 unlisted options vested over 3 years starting 1 July 2018 expiring 15 August 2024 exercisable at US\$0.01.
Directorships held in other listed entities (last 3 years)	Nil

Meetings of Directors

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 12 board meetings were held.

	DIRECTORS' MEETINGS	
	Held	Attended
Ron Weinberger	12	11
David Groberman	12	12
Tal Slonim	12	11
David Hinton	12	12
Doron Birger	12	12

Options

At the date of this report, the number of Options on issue are as follows:

Expiry Date	Grant Date	Exercise Price	Number of Options
5 December 2021	5 December 2018	A\$0.00002	3,671,159
5 December 2021	5 December 2018	A\$0.25	23,600,000
15 August 2024 (i)	15 August 2019	A\$0.165	1,200,000
15 August 2024 (ii)	15 August 2019	A\$0.165	25,000
15 August 2024 (iii)	15 August 2019	US\$0.01	574,000
31 December 2021 (iv)	22 August 2019	A\$0.25	2,000,000
19 February 2022 (v)	19 February 2020	A\$0.25	2,250,000

(i) Unlisted Class 1 Options: Unlisted Options Expiring 15 August 2024 @ AU\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 15 August 2019.

(ii) Unlisted Class 2 Options: Unlisted Options Expiring 15 August 2024 @ AU\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and vesting subject to FDA approval being granted before 30 November 2019.

(iii) Unlisted Class 3 Options granted to the CFO : Unlisted Options Expiring 15 August 2024 @ US\$0.01 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and issued pursuant to the CFO Agreement dated 1 July 2018 as disclosed in section 7.8 of the supplementary prospectus dated 23 November 2018 and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 1 July 2018.

(iv) Unlisted Class 4 Options granted to third-party services providers on 28 August 2019 for services rendered to the Company.

(v) Unlisted Options granted to lead manager and book runner and Corporate Advisors on 19 February 2020 pursuant to a Placement in December 2019.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. No options were exercised during the year (2018: nil).

Shares

The number of Shares issued during 2019 is as follows:

Issue Date	Price	Number of Shares
28 November 2019	Deferred consideration shares - 1st Milestone	5,525,000
28 November 2019 (i)	Deferred consideration shares - 1st Milestone	975,000
17 December 2019	A\$0.155	9,184,076
19 February 2020 (ii)	A\$0.15	500,000

(i) 975,000 Deferred consideration shares granted to advisors as part of the IPO - 487,500 granted to Zaza Investments Pty Ltd ACN 613 660 067 and/or its nominee(s), and 487,500 to Twenty 1 Corporate Pty Ltd ACN 614 272 230 and/or its nominee(s).

(ii) After the date of this report and as approved by shareholders of the Company at a General Meeting held on 19 February 2020, 500,000 ordinary shares were issued to S3 Consortium Pty Limited or its nominee(s) at a deemed issue price of A\$0.15 per share for services provided to the Company.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officers

During the year, HeraMED Limited paid a premium to insure directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has agreed, to the extent permitted by law, to indemnify each Director and Company Secretary of the Company against any and all reasonable liabilities incurred in respect of or arising out of any act in the course of their role as an officer of the Company.

Environmental Regulations

HeraMED products are in compliant with ROHS and WEEE EU directives:

- Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (ROHS)
- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE).

HeraMED's products and packaging are marked with the WEEE symbol. HeraMED's local distributors in Europe must register with a scheme company to ensure a take back process.

HeraMED's critical supplier agreements cover the above requirements.

Likely Developments and Expected Results of Operations

The Company's principal continuing activity is the development and manufacture of HeraBEAT, providing foetal heart beat monitoring, as well as the development of HeraCARE a software pregnancy platform for the creation and implementation of digital health solutions for maternity care management. The Company's future developments, prospects and business strategies are to continue to develop and commercialise these technologies and new technologies such as OrionAI.

Any likely developments are disclosed in the Chairman and CEO review as well as within the financial statements at Note 27.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report. No payment has been made to indemnify BDO Audit during or since the financial year.

Non-audit services

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor provided non-audit services of US\$12,167 in relation to income tax and Goods and Services Tax (GST) compliance.

Full details of their remuneration can be found within the financial statements at Note 8.

In the event that non-audit services are provided by BDO Audit (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Corporate Governance

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.hera-med.com. The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 20 of the financial report.

Remuneration Report (Audited)

This remuneration report, which forms part of the directors' report, for the year ended 31 December 2019 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to equity instruments
7. Loans to key management personnel (KMP) and their related parties
8. Other transactions and balances with KMP and their related parties
9. Voting of Shareholders at last year's annual general meeting

1. Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointed
Directors		
Ron Weinberger	Non-Executive Chairman	21 August 2018
David Groberman	Executive Director/CEO	25 September 2018
Tal Slonim	Executive Director/COO	27 September 2018
David Hinton	Non-Executive Director	21 August 2018
Doron Birger	Non-Executive Director	5 October 2018
Other key management personnel		
Sivan Sadan	Chief Financial Officer	1 July 2018

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a Remuneration Committee Charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to social benefits/superannuation funds.

Mr David Groberman and Mr Tal Slonim

Mr David Groberman is Executive Director/CEO and Mr Tal Slonim is Executive Director/COO. The summary of the terms of their Executive Employment Agreements with HeraMED Limited is as follows:

On 1 January 2016 (as amended on 1 August 2018), HeraMed Israel entered into executive employment agreements with:

Mr David Groberman pursuant to which Mr Groberman was appointed as the Chief Executive Officer (CEO); and

Mr Tal Slonim pursuant to which Mr Slonim was appointed as Chief Operating Officer (COO),

(together, the Executive Directors) of HeraMed Israel (Executive Services Agreements).

Pursuant to the Acquisition, the Executive Directors have also entered into engagement letters with the Company (Executive Engagement Letters), which outlined their arrangements as Executive Directors of the Company.

A summary of the key terms of the Executive Services Agreements and the Executive Engagement Letters effective from completion of the Public Offer are set out below.

(a) (Salary):

(i) the CEO is entitled to a monthly salary of US\$15,000; and

(ii) the COO is entitled to a monthly salary of US\$10,500.

(b) (Social Benefits) each Executive Director is entitled to 29.83% of its salary and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%).

(c) (Term): Each Executive's engagement commenced on 1 January 2016, and continues until the Executive's engagement is validly terminated in accordance with its terms.

(d) (Termination by either Party): Each Executive Services Agreement may be terminated by either party by providing ninety (90) days' written notice to the other party (Notice Period), during which period the Executive must continue to perform his duties until the conclusion of the Notice Period.

(e) (Termination by the Company): HeraMed Israel may terminate an Executive Services Agreement immediately, without notice or payment for the Notice Period, in the event the Executive Director commits a serious breach.

(f) (Termination Benefits): In the event the Executive Director's employment is terminated by the Company (other than in the event of a material breach) or is terminated by the Executive Director for good reason, the Executive Director shall be entitled to receive 12-months' gross salary to be paid over a twelve (12) month period, and any unvested incentive securities will automatically vest. However, the termination benefits are limited by and subject to Listing Rule 10.19, and the Company may seek Shareholder approval for the purposes of Listing Rule 10.19 at a future time.

(g) (Compliance with Australian Laws): Pursuant to the Executive Engagement Letters, any provision contained in the Executive Services Agreements that is not consistent with, or is in breach of the Corporations Act, the ASX Listing Rules, or any Australian law, has no force or effect.

The Executive Services Agreements and the Executive Engagement Letters otherwise contain terms and conditions which are considered standard for agreements of their respective nature, including those relating to confidentiality and intellectual property.

In support of the Company and its financial situation, Tal Slonim voluntarily accepted a 50% salary reduction effective 1 September 2019, all according to Mr Slonim's explicit agreement.

Ms Sivan Sadan - CFO

On 1 July 2018, HeraMed Israel entered into a service agreement with Or Capital Ltd (Or Capital) (an entity associated with Ms Sivan Sadan) for the provision of CFO services in connection with the development of the ongoing and future business of HeraMED (CFO Agreement).

A summary of the key terms of the CFO Agreement is set out below:

(Salary): A monthly fee of 29,000 NIS (plus value added tax (VAT) is payable to Or Capital for provision of CFO services. As of January 2019, the monthly fee was changed to 37,700 NIS (approximately US\$10,908 using an exchange rate of 3.456 NIS/US\$) (plus VAT).

(Options): Subject to the implementation of an employee share option plan and the Company obtaining any necessary approvals, the Company has agreed to issue Sivan Sadan options, with a nominal exercise price, to acquire such number of Shares that equates to 0.5% of the Company (on a fully diluted basis) upon completion of the Public Offer (Option Issue). In the event the Option Issue has not been completed by 31 December 2019, and subject to the continuous employment of Or Capital until 1 January 2020, Or Capital shall be entitled to a one-off cash payment of US\$50,000 in lieu of the Option Issue.

(Term): The CFO Agreement commenced on 1 July 2018 and shall continue until terminated in accordance with its terms.

(Termination): Either party may terminate the CFO Agreement by providing the other party with ninety (90) days written notice.

(Termination for cause): The Company may terminate the CFO Agreement immediately for cause (as defined in the CFO Agreement).

The CFO Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to confidentiality, and intellectual property.

Employee Options

On 15 August 2019, HeraMED approved the issue of options to employees and service providers of the Israeli company. According to an inter-company agreement between HeraMED Australia and HeraMED Israel, the cost of such options shall be borne solely by the Israeli company.

3 Classes of options were issued:

1. Class 1 - 1,200,000 Unlisted Options Expiring 15 August 2024 exercisable at A\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 15 August 2019.
2. Class 2 - 25,000 Unlisted Options Expiring 15 August 2024 exercisable at A\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and vesting subject to FDA approval being granted before 30 November 2019.
3. Class 3 - 574,000 Unlisted Options Expiring 15 August 2024 exercisable at US\$0.01 subject to the terms of the Company's 2019 Employee Incentive Plan (Israeli Appendix) and issued pursuant to the CFO Agreement dated 1 July 2018 as disclosed in section 7.8 of the supplementary prospectus dated 23 November 2018 and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 1 July 2018.

The purpose of granting employee options is to provide an incentive, in the employment or service or directorship of HeraMED Israel, and ability to attract new employees, directors or consultants whose services are considered valuable, to encourage the sense of proprietorship of such persons and to stimulate the active interest of such persons in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company.

4. Non-executive director fee arrangements

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of A\$300,000 (approximately US\$210,887) per annum and any increase is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company.

Total fees for non-executive directors for the financial year were \$133,287 (2018: \$28,908) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

5. Details of Remuneration

The Key Management Personnel of HeraMED Limited includes the current and former directors of the Company and Key Management Personnel of HeraMED Limited during the year ended 31 December 2019.

31 Dec 2019	Short term salary, fees & commissions US\$	Superannuation & social benefits (1) US\$	Non-monetary benefits US\$	Share-based payments (2) US\$	Total US\$	Performance based remuneration
Directors:						
R. Weinberger	63,266	-	-	-	63,266	-
D. Groberman	179,766	30,089	-	-	209,855	-
T. Slonim	105,847	5,844	-	-	111,691	-
D. Hinton	32,099	3,049	-	-	35,148	-
D. Birger	34,873	-	-	-	34,873	-
Other KMP:						
S. Sadan (2)	124,911	-	-	67,832	192,743	35.2%
Total	540,762	38,982	-	67,832	647,576	

(1) Mr Groberman and Mr Tal Slonim are entitled to benefits which equate to 29.83% of the salary and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%) and vacation accrued in 2019. In the case of Mr Hinton, statutory superannuation of 9.5%.

(2) Including US\$9,405 for Class 1 options and US\$58,427 for Class 3 options. Refer to Section 6 Additional disclosures relating to equity instruments for further information on share-based payments granted to directors and key management during the year.

31 Dec 2018

	Short term salary, fees & commissions	Superannuation & social benefits (1)	Non-monetary benefits	Bonus (2)	Share-based payments (3)	Total	Performance based remuneration
	US\$	US\$	US\$	US\$	US\$	US\$	
Directors:							
R. Weinberger	21,142	-	-	-	-	21,142	-
D. Groberman	96,790	26,971	-	25,000	198,717	347,478	7.19%
T. Slonim	54,830	17,843	-	25,000	198,717	296,390	8.43%
D. Hinton	5,363	509	-	-	-	5,872	-
D. Birger	1,894	-	-	-	-	1,894	-
Other KMP:							
S. Sadan (4)	47,143	-	-	6,670	28,358	82,171	8.12%
Total	227,162	45,323	-	56,670	425,792	754,947	

- (1) Mr Groberman and Mr Tal Slonim are entitled to benefits which equate to 29.83% of the salary and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%). In the case of Mr Hinton, statutory superannuation of 9.5%.
- (2) A one-time bonus of US\$25,000 to Mr Groberman and Mr Tal Slonim and US\$6,670 to Ms Sivan Sadan (as part of the agreement with Or Capital).
- (3) Refer to Section 6 Additional disclosures relating to equity instruments for further information on share-based payments granted to directors and key management during the year.
- (4) Refers to remuneration starting 1 July 2018 from which Ms Sivan Sadan acted as CFO. Prior to her role as CFO Mr Sivan Sadan acted as an advisory board member of HeraMED Israel.

6. Additional disclosures relating to equity instruments

KMP Shareholdings

2,562,064 shares were issued to KMP during the 2019 financial year (2018: nil). The shares were issued to key management personnel in their capacity as Vendors, as consideration for achieving the first milestone, being receipt of FDA clearance for HeraBEAT device to be used as a clinical medical device for professional use in the USA.

The number of ordinary shares in HeraMED Limited held by each KMP of the Group during the financial year is as follows:

31 Dec 2019	Balance at start of the year	Shares issued during the year ⁽ⁱ⁾	Other changes during the year	Balance at end of the year
Directors:				
R. Weinberger	200,000	-	-	200,000
D. Groberman	7,995,723	1,249,695	-	9,245,418
T. Slonim	7,995,723	1,249,695	-	9,245,418
D. Hinton	25,000	-	-	25,000
D. Birger	-	-	-	-
S. Sadan ⁽ⁱⁱ⁾	117,058	62,674	-	179,732
Total	16,333,504	2,562,064	-	18,895,568

⁽ⁱ⁾ Shares issued to key management personnel in their capacity as Vendors as consideration for achieving the first milestone.

⁽ⁱⁱ⁾ Including shares held by Or Capital (an entity associated with Ms Sivan Sadan).

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 Dec 2019	Balance at the start of the year	Granted as remuneration ⁱ	Exercised during the year	Options issued during the year ⁽ⁱ⁾	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested and unexercisable
Directors:								
R. Weinberger	100,000	-	-	-	-	100,000	100,000	-
D. Groberman(ii)	3,651,252	-	-	-	-	3,651,252	3,651,252	-
T. Slonim (ii)	3,651,252	-	-	-	-	3,651,252	3,651,252	-
D. Hinton	-	-	-	-	-	-	-	-
D. Birger	-	-	-	-	-	-	-	-
Other KMP:								
S. Sadan	307,196	-	-	774,000	-	1,081,196	563,028	518,168
Total	7,709,700	-	-	774,000	-	8,483,700	7,965,532	518,168

⁽ⁱ⁾ Refer terms and conditions of the share-based payment arrangements section below for details of remuneration options issued during the year.

⁽ⁱⁱ⁾ **Note:** In the Company's 2018 audited financial statements, these options appear as 7,500,000 options to purchase Company's ordinary shares, issued to Company's CEO and COO in December 2018 prior to the ASX listing. This is due to a clerical error – the correct allocation of these options is (and has been since their issuance in December 2018) as specified here, i.e. 3,187,500 options issued to Company's CEO, 3,187,500 options issued to Company's COO, 562,500 options issued to Mr Wallace and 562,500 options issued to Mr Ntoumenopoulos in their capacity as brokers who facilitated the Company's ASX listing and IPO.

Options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

Terms and conditions of share-based payment arrangements

The terms and conditions of each grant of options affecting remuneration of key management personnel in the current or a future reporting are as follows:

Option class	Number granted	Grant date	Vesting start date	Expiry date	Exercise price	Value per option at grant date ⁽ⁱ⁾	Vested %
Employee Options Class 1	1,200,000	15-Aug-19	15-Aug-19	15-Aug-24	A\$0.165	US\$0.0694	8.33%
Employee Options Class 3	574,000	15-Aug-19	1-July-18	15-Aug-24	US\$0.01	US\$0.1502	41.66%

⁽ⁱ⁾The value per option at grant date has been determined using a Black Scholes option pricing model. Details of Black Scholes inputs and valuations can be found at Note 20.

The vesting conditions of the Employee Options are as follows:

- Class 1 – 1,200,000 options: Unlisted Options expiring 15 August 2024 at A\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 15 August 2019.
- Class 2 – 25,000 options: Unlisted Options expiring 15 August 2024 at A\$0.165 subject to the terms of the Company's 2019 Employee Incentive Plan and vesting subject to FDA approval being granted before 30 November 2019 (already vested).
- Class 3 – 574,000 options: Unlisted Options expiring 15 August 2024 at US\$0.01 subject to the terms of the Company's 2019 Employee Incentive Plan and issued pursuant to the CFO Agreement dated 1 July 2018 as disclosed in section 7.8 of the Supplementary Prospectus dated 23 November 2018 and vesting over three years on a quarterly basis (i.e. 8.33% a quarter) starting from 1 July 2018.

Details of share-based payments granted as compensation to key management personnel during the current financial year:

Name	Option class	During the financial year			
		No. granted	No. vested	% of grant vested	% of grant forfeited
S. Sadan	Class 1	200,000	16,667	8.33%	-
S. Sadan	Class 3	574,000	239,167	41.66%	-

31 Dec 2019	Fair value of options granted during the year	Value of options vested during the year	Value of options lapsed during the year	Value of options included in remuneration report for the year	Remuneration consisting of options for the year
	US\$	US\$	US\$	US\$	%
Other KMP:					
Sivan Sadan	67,832	25,124	-	67,832	35.19%

31 Dec 2018	Fair value of options granted during the year	Value of options vested during the year	Value of options lapsed during the year	Value of options included in remuneration report for the year	Remuneration consisting of options for the year
	US\$	US\$	US\$	US\$	%
Directors:					
David Groberman	198,717	198,717	-	198,717	57.19%
Tal Slonim	198,717	198,717	-	198,717	67.05%

7. Loans from key management personnel (KMP) and their related parties

Credit Line Agreement – Meytar (Digital) Engineering Ltd (“Meytar”)

HeraMED Israel and Meytar, a company controlled by Messrs David Groberman and Tal Slonim (i.e. the Executive Directors), entered into a Credit Line Agreement dated 21 December 2017 (Credit Line Agreement). The key terms and conditions of the Credit Line Agreement are set out below.

- (a) (Interest): The Principle shall bear interest from the date of payment of the Principle at a rate equivalent to the minimal interest amount recognised and attributed by the Israel Tax Authority.
- (b) (Repayment): Repayment of the Principle shall take place as follows:
- half of the Principle shall be repaid upon the consummation by Hera Med Ltd (Israel) of an equity investment/aggregate sales transaction or series of transactions which are in aggregate amount of at least US\$3,000,000; and
 - the second half of the Principle is to be repaid at the earlier of the date Hera Med Ltd (Israel) pays dividends or 21 December 2022.
- (c) (Accelerated Repayment): Amongst other events, upon the consummation of an IPO the Principle must be repaid in full.
- (d) (Waiver of accelerated repayment): the parties have agreed that despite the requirement to repay the Principal in full in accordance with clause (c) above, half the Principal will be repaid upon completion of the Public Offer with the second half to be repaid at the earlier of the date Hera Med Ltd (Israel) pays dividends or 21 December 2022.

The Credit Line Agreement otherwise contains terms and conditions that are considered standard for an agreement of its nature. The interest is at the rate equivalent to the minimal interest amount recognized and attributed by the Israel Tax Authorities, as such may be adjusted from time to time. During 2019, the interest rate was 2.6%. According to the above terms, half of the loan amount was repaid upon the consummation of the IPO. After the repayment and as of 31 December 2019, the amount of US\$168,464 was owing by Hera Med Ltd (Israel) to Meytar.

8. Other transactions and balances with KMP and their related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions. The Group had no transactions with members of the Group's key management personnel and/or their related parties during the year.

9. Voting of shareholders at last year's annual general meeting

The Company received 99.7% "Yes" votes cast on its Remuneration Report for the 2018 financial year. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

This is the end of the audited remuneration report

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Mr David Groberman

Chief Executive Officer

Tel Aviv, 27 March 2020

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF HERAMED LIMITED

As lead auditor of HeraMED Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 27 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	Note	2019 US\$	2018 US\$
Revenues	4	145,389	77,169
Cost of sales		(111,577)	(134,070)
Gross profit/(loss)		33,812	(56,901)
Research and development expenses		(922,706)	(473,117)
General and administrative expenses	5	(936,033)	(806,011)
Selling and marketing expenses	5	(980,136)	(322,133)
Depreciation and amortisation expenses	5	(242,894)	(208,325)
Share-based payments	20	(181,350)	(1,008,415)
Other gains		69,271	80,403
Loss before finance expenses		(3,160,036)	(2,794,499)
Finance income	5	38,601	-
Finance expenses	5	(7,450)	(971,981)
Loss before income tax		(3,128,885)	(3,766,480)
Income tax expense	6	-	-
Loss for the year		(3,128,885)	(3,766,480)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences		79,313	(198,250)
Total comprehensive loss for the year attributable to owners of the Company		(3,049,572)	(3,964,730)
Loss per share attributable to owners of the Company			
Basic/diluted loss per share (cents per share)	9	(0.035)	(0.102)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2019

	Note	2019 US\$	2018 US\$
CURRENT ASSETS			
Cash and cash equivalents	10a	2,045,612	4,033,829
Other receivables	11	254,613	177,190
Inventory	12	58,091	105,311
TOTAL CURRENT ASSETS		2,358,316	4,316,330
NON-CURRENT ASSETS			
Plant and equipment	13	16,823	15,529
Right-of-use asset	2	72,616	-
Intangible assets	14	1,156,190	1,193,153
TOTAL NON-CURRENT ASSETS		1,245,629	1,208,682
TOTAL ASSETS		3,603,945	5,525,012
CURRENT LIABILITIES			
Trade and other payables	15	456,345	470,520
Lease liability	2	66,805	-
Other financial liability	17	16,165	29,870
TOTAL CURRENT LIABILITIES		539,315	500,390
NON-CURRENT LIABILITIES			
Borrowings	16	168,464	157,220
Lease liability	2	5,811	-
Other financial liability	17	502,469	527,365
TOTAL NON-CURRENT LIABILITIES		676,744	684,585
TOTAL LIABILITIES		1,216,059	1,184,975
NET ASSETS		2,387,886	4,340,037
SHAREHOLDERS' EQUITY			
Issued capital	18	10,738,713	9,822,642
Shares to be issued	25	52,722	-
Share-based payment reserve	19	2,140,045	2,011,417
Predecessor Accounting reserve	19	(133,879)	(133,879)
Foreign exchange reserve	19	(118,937)	(198,250)
Accumulated losses		(10,290,778)	(7,161,893)
SHAREHOLDERS' EQUITY		2,387,886	4,340,037

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Issued capital	Shares to be issued	Share-based payment reserve	Predecessor Accounting reserve	Foreign exchange reserve	Accumulated losses	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2018	2,998,771	-	601,687	-	-	(3,395,413)	205,045
Loss for the year	-	-	-	-	-	(3,766,480)	(3,766,480)
Other comprehensive loss	-	-	-	-	(198,250)	-	(198,250)
Total comprehensive loss for the year	-	-	-	-	(198,250)	(3,766,480)	(3,964,730)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares - pre IPO	589,746	-	-	-	-	-	589,746
Issue of shares	6,866,552	-	-	-	-	-	6,866,552
Capital raising costs	(632,427)	-	-	-	-	-	(632,427)
Share based payments	-	-	1,409,730	-	-	-	1,409,730
Transactions under common control	-	-	-	(133,879)	-	-	(133,879)
Balance at 31 December 2018	9,822,642	-	2,011,417	(133,879)	(198,250)	(7,161,893)	4,340,037
Balance at 1 January 2019	9,822,642	-	2,011,417	(133,879)	(198,250)	(7,161,893)	4,340,037
Loss for the year	-	-	-	-	-	(3,128,885)	(3,128,885)
Other comprehensive income	-	-	-	-	79,313	-	79,313
Total comprehensive loss for the year	-	-	-	-	79,313	(3,128,885)	(3,049,572)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares	974,545	-	-	-	-	-	974,545
Shares to be issued to service providers	-	52,722	-	-	-	-	52,722
Capital raising costs	(58,474)	-	-	-	-	-	(58,474)
Share based payments	-	-	128,628	-	-	-	128,628
Balance at 31 December 2019	10,738,713	52,722	2,140,045	(133,879)	(118,937)	(10,290,778)	2,387,886

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 US\$	2018 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		207,147	39,193
Payments to suppliers and employees		(2,945,120)	(1,806,217)
Interest received		11,108	878
Net cash (used in) operating activities	10b	(2,726,865)	(1,766,146)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	13	(6,476)	(5,051)
Payments for capitalised development expenses	14	(200,749)	(172,887)
Cash held by the Company at acquisition date		-	4,267
Net cash (used in) investing activities		(207,225)	(173,671)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from equity instruments of the Company		916,071	4,487,060
Other transaction costs		(92,215)	-
Proceeds from convertible loans		-	1,629,174
Repayment of loans		-	(151,786)
Net cash provided by financing activities		823,856	5,964,448
Net (decrease)/increase in cash and cash equivalents		(2,110,234)	4,024,631
Cash and cash equivalents at the beginning of the financial year		4,033,829	45,604
Impact of movement in foreign exchange rates		122,017	(36,406)
Cash and cash equivalents at the end of the financial year	10a	2,045,612	4,033,829

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements cover HeraMED Limited (Company) and its controlled entities as a consolidated entity (also referred to as Group). HeraMED Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were authorised for issue by the board of directors on 27 March 2020.

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation of the financial report

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Basis of Measurement and Reporting Conventions

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss for the year ended 31 December 2019 of \$3,128,885 (2018: \$3,766,480) and net cash outflows from operating activities of \$2,726,865 (2018: \$1,766,146).

The World Health Organisation announced that the coronavirus (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage. The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such, the Group is unable to estimate the effects of the COVID-19 outbreak on the Group's financial position, liquidity and operations in the 2020 financial year.

Whilst the Group is expected to be cash-flow negative in the foreseeable future as a result of continued expenditures, the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its operational and technology development activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Group will continue as a going concern, after consideration of the following factors:

- the Group has recently been successful in raising equity and is planning to raise further funds;
- the level of expenditure can be managed; and
- the directors of HeraMED have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the sale of the Group's products and services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

The directors plan to continue the Group's operations on the basis as outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

e) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in the deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f) Leases**The Group as a lessee**

At inception of a contract, the Group assesses if the contract contains characteristics of a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on the index of the rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise its options;
- lease payments under extension profits, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and initial direct costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**g) Financial Instruments****Initial recognition and measurement**

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees other than a bank guarantee of 66,000 NIS (approximately US\$19,097 at an exchange rate of 3.456 NIS/\$US) issued in regard to the office lease in Israel. The Company has provided a cash deposit with a lien in favour of the bank for the issuance of the bank guarantee (see Note 11). In addition, the Group provided a cash deposit of 60,000 NIS (approximately US\$17,361 at an exchange rate of 3.456 NIS/\$US) to secure credit card payments.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**h) Impairment of non-financial assets**

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for intangible assets.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

j) Trade receivables

Trade receivables, which generally have 0-60 day terms, are recognised and carried at original invoice amount. Collectability of trade receivables is reviewed on an ongoing basis using an expected credit loss for assessing impairment. An impairment provision will be recognised when there is objective evidence that HeraMED will not be able to collect the receivable. Bad debts will be written off when identified.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average principle and includes expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

l) Revenue Recognition

Revenue is recognised based on the five-step model outlined in *AASB 15 Revenue from Contracts with Customers*.

The Company derives its revenue from:

- the sale of goods; and
- software licenses and services SaaS.

Revenue from sale of goods

Revenue from sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. When the credit period is short and constitutes the accepted credit in the industry, the future consideration is not discounted.

Revenue is recognised when performance obligation is satisfied, i.e. when control of the goods has transferred, being when the goods are delivered to the customer. Delivery occurs when the product has been trucked to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the product in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)***Revenue from software licenses and service SaaS***

Revenue derived from software license agreements and service SaaS are recognised, upon delivery of the software, when the Company provides the customer a right to use the Company's intellectual property, when collection is probable, the license fee is otherwise fixed or determinable and persuasive evidence of an arrangement exists.

For contracts that consist of more than one performance obligation, at contract inception the Company allocates the contract transaction price to each performance obligation identified in the contract (the license and the service) on a relative stand-alone selling price basis. The stand-alone selling price is the price at which the Company would sell the promised goods or services separately to a customer.

m) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

n) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computers and equipment – 3 years
- Furniture and office equipment – 7-15 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

o) Goods and Services Tax (GST)/ Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable.

Receivable and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of the GST/VAT recoverable from, or payable to, the tax authorities is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**p) Employee Benefits****Post-employment benefits**

The liability for severance pay is in accordance with its obligations under Israeli employment law (Section 14 of the Severance Compensation Act, 1963). All Israel based employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies or pension funds. Under Israeli employment law, payments in accordance with Section 14 release the employer from any future severance payments. The funds are made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the statements of financial position as the severance pay risks have been irrevocably transferred to the insurance companies or pension funds.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

q) Equity-settled compensation

The Group measures the share-based expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes option valuation model which takes into account the terms and conditions upon which the instruments are granted.

r) Trade and other payables

Liabilities for trade creditors and other amounts carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

t) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The Share-based payment reserve records the cost of share-based payments.

u) Foreign currency transactions and balances**Functional and presentation currency**

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars which is the subsidiary's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

v) Segment Information**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

w) Share Based Payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

x) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**y) Intangible assets**

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria as set out above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

z) Predecessor Accounting

Business combinations involving entities under common control are accounted for using the predecessor accounting method. Under this method;

- carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on the acquisition; and
- the carrying value of net assets or liabilities acquired is recorded as a separate element of equity.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and judgements*Share based payments*

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market-based vesting conditions.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

Deferred Consideration Shares

Deferred consideration shares were issued during the year, which will convert into ordinary shares subject to the satisfaction of certain performance milestones within 36 months of quotation. The probability of achieving non-market-based performance milestones is assessed at each reporting date. The milestones are disclosed in Note 18(d) including management's assessment of the probability of achievement of these milestones.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)*Impairment*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on the fair value less cost of disposal. The Company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is lower than the carrying value of the cash-generating unit.

The Directors make estimates and judgements in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based and are based on current trends and economic data, obtained both externally and within the Group.

Fair value of long-term liabilities

The Company measured its liability on governmental grants received, each period, based on discounted cash flows derived from the Group's future anticipated revenues. The grant is repayable upon the Group commencing product commercialisation and generating revenue from the sale of the product, with repayments being based on 3%-4.5% of each dollar of revenue. As required by AASB 9 *Financial Instruments*, the liability has been recognised at fair value on initial recognition and subject to management's estimate of the discount rate and the timing and quantity of future revenues.

At the end of each reporting period, the Company evaluates, based on its best estimate of future sales, whether there is reasonable assurance that the liability recognised, in whole or in part, will not be repaid (since the Company will not be required to pay royalties). If there is such reasonable assurance, the appropriate amount of the liability is derecognised and recorded in profit or loss as a revaluation of research and development expenses. If the estimate of future sales indicates that there is no such reasonable assurance, the appropriate amount of the liability that reflects expected future royalty payments is recognised with a corresponding adjustment to financial expenses or income.

Development costs

Costs relating to the development of HeraBEAT are capitalised in accordance with AASB 138 *Intangible Assets*. Capitalised costs include all direct costs associated with the development of the asset. The development asset is amortised over a 6-year period from the capitalisation date which is determined by the useful life of the asset, ability to use or sell the asset, generation of future benefits and the ability to measure the costs reliably and whether the costs, including payroll costs are directly attributable to relevant projects.

NOTE 2: APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS**New, revised or amending Accounting Standards and Interpretations issued and adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
- Interpretation 23 *Uncertainty over Income Tax Treatments* and AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*

AASB 16 Leases

In the current year, the Group has applied AASB 16 *Leases*, which is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

NOTE 2: APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS (cont'd)

The new accounting policy adopted by the Group is disclosed at Note 1(f). In January 2020, the Group entered into an extension of its office space lease agreement ("Agreement"). The new term of the Agreement extends the lease term for more than one (1) year. As a result, the Group recognised a "right-of-use asset" in the consolidated statement of financial position as at 31 December 2019. The Group's obligation to make lease payments under the Agreement are recognised under current and non-current liabilities in the consolidated statement of financial position. Based on the present value of future lease payments, the Group has recognised a right-of-use asset and lease liability of \$72,616 as at 31 December 2019. The interest rate used to discount future lease payment was 8%.

Reconciliation of total leases commitments at 31 December 2018 to the lease liability recognised at 1 January 2019

Lease Commitments as at 31 December 2018	\$5,446
Less: Lease with remaining term less than 12 months	<u>(\$5,446)</u>
Lease liabilities as at 1 January 2019	nil

New, revised or amending Accounting Standards and Interpretations issued and adopted (cont'd)**AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements**

AASB 2018-3 establishes the disclosure requirements of AASB 16 Leases in financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (RDR). These disclosure requirements have been applied by the Group in presenting and disclosing information in these financial statements.

Interpretation 23 Uncertainty over Income Tax Treatments

Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group.
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
 - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

The adoption of this Interpretation has had no significant impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

New and revised Australian Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 17 <i>Insurance Contracts</i>	1 January 2021
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 January 2020

NOTE 3: COMMON CONTROL ENTITY

Summary of Acquisition – Prior period

On 21 May 2018, HeraMED Limited (the acquirer) was incorporated in Australia primarily for the purpose of investing in Hera Med Ltd (Israel).

On 10 December 2018, the Company completed a transaction with the shareholders of Hera Med Ltd (Israel) to acquire 100% of the share capital in Hera Med Ltd, in exchange for 33,728,841 ordinary shares in the Company.

Refer to Notes 1(b) Basis of measurement and reporting conventions, including capital reorganisation and 1(z) Predecessor accounting for further information.

As at the date of acquisition (10 December 2018), the assets and liabilities of the Company were as follows:

	2018
	US\$
a) Assets and Liabilities at Acquisition Date	
Cash and cash equivalents	4,267
Other current assets	160,373
Intercompany loan receivable (due from Hera Med Ltd Israel)	1,372,159
Trade and other payables	(124,805)
Convertible loans	(1,545,873)
Net liabilities of HeraMED Limited at acquisition date	(133,879)
b) Predecessor Accounting Reserve	
Net liabilities of HeraMED Limited at acquisition date	(133,879)
Predecessor Accounting Reserve	(133,879)

	2019	2018
	US\$	US\$
NOTE 4: REVENUE		
Major products/service lines		
Revenue from sale of goods	122,549	77,169
Software licences and services SaaS	22,840	-
Total	145,389	77,169
Revenue recognition		
At a point in time	142,449	77,169
Over time (SaaS)	2,940	-
Total	145,389	77,169

NOTE 5: EXPENSES

Loss before income tax from continuing operations includes the following specific expenses:

General and administrative expenses:

- Payroll and related expenses	367,376	171,560
- Professional services	269,472	241,393
- Others	299,185	393,058
Total general and administrative expenses	936,033	806,011

Selling and marketing expenses

- Payroll and related expenses	416,411	230,565
- Professional services	546,502	84,053
- Others	17,223	7,515
Total selling and marketing expenses	980,136	322,133

Depreciation and amortisation expenses:

- Depreciation of plant and equipment (Note 13)	5,182	6,768
- Amortisation of intangibles assets (Note 14)	237,712	201,557
Total depreciation and amortisation expenses	242,894	208,325

Finance expenses/(income)

- Interest expenses and banks fees	7,450	41,661
- Revaluation of IIA Loan	(38,601)	2,796
- Non-cash expense	-	927,524
Total finance (income)/expense	(31,151)	971,981

NOTE 6: INCOME TAX

The financial accounts for the year ended 31 December 2019 comprise the results of HeraMED Australia and HeraMed Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 27.5% (2018: 27.5%). The applicable tax rate in Israel is 23% (2018: 23%).

	2019 US\$	2018 US\$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) The income tax expense for the year can be reconciled to the accounting loss as follows:

	2019 US\$	2018 US\$
Loss for the year before tax	(3,128,885)	(3,766,480)
Prima facie income tax expense/(benefit) at domestic tax rate	(860,443)	(937,930)
Effect of different tax rate of group entities operating in a different jurisdiction	(103,673)	(500,130)
Effect of expenses that are not deductible in determining taxable income	90,309	544,359
Effect of unused tax losses not recognised as deferred tax assets	873,807	893,701
	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Company or its subsidiary as the case maybe satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Company in realising the benefit.

NOTE 7: RELATED PARTY TRANSACTIONS**a) Key Management Personnel Compensation**

The remuneration of directors and other members of key management personnel during the year was as follows:

	2019	2018
	US\$	US\$
Short-term salary and fees	540,762	227,162
Social benefits	38,982	45,323
Other	-	56,670
Share based payments	67,832	425,792
	<u>647,576</u>	<u>754,947</u>

b) Loans from key management personnel (KMP) and their related parties

Details of loans made to the Group by directors and key management are set out below.

2019	Balance at the start of the year US\$	Interest payable for the year US\$	Repayments made during the year US\$	Converted to equity during the year US\$	Balance at the end of the year US\$
<i>D. Groberman and T. Slonim</i>	157,220	11,244	-	-	168,464
2018	Balance at the start of the year US\$	Interest payable for the year US\$	Repayments made during the year(i) US\$	Converted to equity during the year US\$	Balance at the end of the year US\$
<i>D. Groberman and T. Slonim</i>	303,573	13,719	(160,072)	-	157,220

(i) According to the terms of the Credit Line Agreement between Hera Med Ltd Israel and Meytar, half of the loan amount was repaid upon the consummation of the IPO. As of 31 December 2019, an amount of US\$168,464 was owed by the Group to Meytar.

NOTE 8: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 US\$	2018 US\$
Auditor remuneration		
- Auditing and reviewing the financial reports (BDO) – Australia	26,389	21,116
- Auditing and reviewing the financial reports (BDO) – Israel	49,000	25,000
	<u>75,389</u>	<u>46,116</u>
Non-audit remuneration		
- Taxation services (BDO) – Australia	12,167	-
- Investigating Accountant's Report (BDO) - Australia	-	11,536
- Taxation services (BDO) – Israel	-	23,500
	<u>12,167</u>	<u>35,036</u>

NOTE 9: LOSS PER SHARE

	2019 US\$	2018 US\$
Loss per share (EPS)		
a) Loss used in calculation of basic EPS and diluted EPS	(3,128,885)	(3,766,480)
b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	88,511,748	36,971,581

NOTE 10a: CASH AND CASH EQUIVALENTS

	2019 US\$	2018 US\$
Cash at bank	2,045,612	4,033,829
Total cash and cash equivalents in the statement of cash flows	<u>2,045,612</u>	<u>4,033,829</u>

The Group's exposure to the risks associated with cash are disclosed in Note 22.

NOTE 10b: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019 US\$	2018 US\$
Loss for the year	(3,128,885)	(3,766,480)
Non-cash flows in loss after income tax		
Non-cash interest expenses	-	941,244
Share based payments expense	128,628	1,008,415
Issue of shares for services	52,722	-
Depreciation and amortisation	242,894	208,325
Change in Israel Innovation Authority grants	(38,601)	2,796
Revaluation of third-party loan	11,244	(13,178)
Changes in assets and liabilities		
Increase in other receivables	(77,423)	(162,391)
Decrease/(increase) in inventory	47,220	(41,744)
Increase/(decrease) in other payables	(14,175)	43,953
Increase in provisions	49,511	12,914
Cash flow (used in) operating activities	(2,726,865)	(1,766,146)

Non-Cash investing and financing activities

There were no other non-cash investing and financing activities during the year.

NOTE 11: OTHER RECEIVABLES

	2019 US\$	2018 US\$
CURRENT		
Accounts receivables	-	37,976
Advances to suppliers	28,512	-
Prepaid expenses	45,065	55,590
Deposits	36,523	6,858
Other receivables	144,513	76,766
	254,613	177,190

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group's exposure to the risks associated with trade and other receivables are disclosed in Note 22.

NOTE 12: INVENTORY

	2019 US\$	2018 US\$
Inventory at cost	58,091	105,311

NOTE 13: PLANT AND EQUIPMENT

	2019	2018
	US\$	US\$
Cost	51,120	44,644
Accumulated depreciation	(34,297)	(29,115)
Net carrying amount	16,823	15,529

	Computer equipment and software US\$	Office furniture and equipment US\$	Total US\$
Cost or valuation			
Balance at 1 January 2018	26,761	12,832	39,593
Additions	2,057	2,994	5,051
Balance at 31 December 2018	28,818	15,826	44,644
Additions	6,476	-	6,476
Balance at 31 December 2019	35,294	15,826	51,120

	Computer equipment and software US\$	Office furniture and equipment US\$	Total US\$
Accumulated depreciation			
Balance at 1 January 2018	(19,339)	(3,008)	(22,347)
Depreciation expense	(5,635)	(1,133)	(6,768)
Balance at 31 December 2018	(24,974)	(4,141)	(29,115)
Depreciation expense	(3,959)	(1,223)	(5,182)
Balance at 31 December 2019	(28,933)	(5,364)	(34,297)

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NOTE 14: INTANGIBLE ASSETS

	2019 US\$	2018 US\$
Cost (1)	1,595,459	1,394,710
Accumulated amortisation	(439,269)	(201,557)
Net carrying amount	1,156,190	1,193,153

Cost	Purchase license (2) US\$	Development costs US\$	Total US\$
Balance at 1 January 2018	-	1,125,785	1,125,785
Additions	96,038	172,887	268,925
Balance at 31 December 2018	96,038	1,298,672	1,394,710
Additions	-	200,749	200,749
Balance at 31 December 2019	96,038	1,499,421	1,595,459

Accumulated amortisation	Purchase license US\$	Development costs US\$	Total US\$
Balance at 1 January 2018	-	-	-
Amortisation expense	-	(201,557)	(201,557)
Balance at 31 December 2018	-	(201,557)	(201,557)
Amortisation expense	-	(237,712)	(237,712)
Balance at 31 December 2019	-	(439,269)	(439,269)

(1) The Company capitalised development costs that are attributable to the HeraBEAT product as it meets the criteria as described in Note 1(y).

(2) Prior to the acquisition of Hera Med Ltd Israel by the Company, Hera Med Ltd Israel issued shares to Mayo Foundation for Medical Education and Research ("Mayo") as consideration for a research and development collaboration license with Mayo.

NOTE 15: TRADE AND OTHER PAYABLES

	2019 US\$	2018 US\$
CURRENT		
Trade payables	86,646	207,710
Employees' salaries and related liabilities	237,387	183,216
Accrued expenses	112,122	79,594
Others	20,190	-
	456,345	470,520

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value. The Group's exposure to the risks associated with trade and other payables are disclosed in Note 22.

NOTE 16: BORROWINGS

	2019	2018
	US\$	US\$
Loan from related party (i)	168,464	157,220

(i) This represents loan from Meytar (Digital) Engineering Ltd (“Meytar”), a company controlled by Messrs David Groberman and Tal Slonim (executive directors of HeraMED Limited). The loan bears interest at 2.6% per annum, is unsecured and is at arm’s length. The loan will be repaid at the earlier of the date Hera Med Ltd (Israel) pays dividends or 21 December 2022. Refer to Note 7(b) for more information.

NOTE 17: OTHER FINANCIAL LIABILITIES

	2019	2018
	US\$	US\$
CURRENT		
Liability for Israel Innovation Authority Grants	16,165	29,870
NON-CURRENT		
Liability for Israel Innovation Authority Grants	502,469	527,365

Hera Med Ltd Israel received funding from the Israeli Innovation Authority (“IIA”, previously known as Officer of Chief Scientist - OCS) for its participation in research and development costs of Hera Med Ltd Israel, based on budgets approved by the IIA, subject to the fulfillment of specified milestones. Hera Med Ltd Israel is committed to pay royalties to the IIA on proceeds from sale of products in the research and development of which the IIA participates by way of grants. According to the funding terms, royalties between 3% and 4.5% are payable on sales of developed products funded, up to 100% of the grant received by Hera Med Ltd Israel, linked to the US dollar and bearing libor interest rates. In the case of failure of a financed project, Hera Med Ltd Israel is not obligated to pay any such royalties to the IIA. Hera Med Ltd Israel received grants amounting to US\$1,015,306 related to two different products. There were no additional grants received in the 2019 financial year.

As at 31 December 2019, the WACC rate used by Hera Med Ltd Israel for the liability was 20.9% (2018: 19%).

The liability balance recognised by Hera Med Ltd Israel is based on its future revenue estimates which are performed at the end of each reporting period.

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NOTE 18: ISSUED CAPITAL

	2019	2018
	US\$	US\$
(a) Share Capital		
103,212,917 (31 December 2018: 87,528,841) fully paid ordinary shares	10,738,713	9,822,642
(b) Movement in Ordinary Capital		
	No.	Total US\$
Opening balance as at 1 January 2019	87,528,841	9,822,642
Issue of shares (i)	6,500,000	-
Issue of shares (ii)	9,184,076	974,545
Costs of capital raising	-	(58,474)
Closing balance at 31 December 2019	103,212,917	10,738,713

(i) Issue of shares on 28 November 2019 following the receipt of FDA clearance for HeraBEAT device to be used as a clinical medical device for professional use in the USA. 5,525,000 shares were issued to Vendors and 975,000 shares were issued to Corporate Advisers.

(ii) Issue of shares on 17 December 2019 pursuant to a placement at A\$0.155 per share.

(c) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

(d) Deferred Consideration Shares

On 28 November 2019 following the receipt of FDA clearance for HeraBEAT device to be used as a clinical medical device for professional use in the USA, 5,525,000 shares were issued to Vendors and 975,000 shares were issued to Corporate Advisers.

In addition to the number of shares disclosed above, there are also 16,500,000 deferred consideration shares to be issued (14,025,000 to Vendors and 2,475,000 to Corporate Advisers) subject to the satisfaction of certain performance milestones within 36 months of the date of quotation ("Deferred Consideration Shares").

The performance milestones are as follows:

- 14,025,000 Deferred Consideration Shares to Vendors to be issued as follows:
 - 5,525,000 shares subject to the Company reaching cumulative revenue of A\$7,500,000, which shall be verified by an independent auditor's report, within 24 months of listing on the ASX.
 - 8,500,000 shares subject to the Company reaching cumulative revenue of A\$15,000,000, which shall be verified by an independent auditor's report, within 36 months of listing on the ASX.

As at 31 December 2019, no expense has been recognised in respect of the above Deferred Consideration Shares to be issued to Vendors as a 0% probability has been assigned to meeting the respective milestones.

- 2,475,000 Deferred Consideration Shares to Corporate Advisers to be issued as follows:
 - 975,000 shares subject to the Company reaching cumulative revenue of A\$7,500,000, which shall be verified by an independent auditor's report, within 24 months of listing on the ASX.
 - 1,500,000 shares subject to the Company reaching cumulative revenue of A\$15,000,000, which shall be verified by an independent auditor's report, within 36 months of listing on the ASX.

As at 31 December 2019, no expense has been recognised in respect of the above Deferred Consideration Shares to be issued to Vendors as a 0% probability has been assigned to meeting the respective milestones.

In relation to the Deferred Consideration Shares issued to Corporate Advisers, an expense of US\$69,335 has been recognised in the statement of profit or loss and other comprehensive income. The underlying fair value per Deferred Consideration Share was determined to be A\$0.20 based on the issue price of ordinary shares on Acquisition date.

In relation to the Deferred Consideration Shares issued to Vendors, no share-based payment expense has been recognised in the statement of profit or loss and other comprehensive income.

NOTE 19: RESERVES

	2019	2018
a) Share Based Payment Reserve	US\$	US\$
31,070,159 (31 December 2018: 27,271,159) options on issue	19b 2,140,045	2,011,417
b) Movement in Share Based Payment Reserve		2019
		US\$
Opening balance at 1 January 2019		2,011,417
Issue of 2,000,000 options to Australian consultants (Note 20)		27,060
Issue of 1,799,000 options to Israeli employees and CFO (Note 20)		32,233
Issue of 975,000 Deferred Consideration Shares to Corporate Advisors (Note 20)		69,335
Closing balance at 31 December 2019		2,140,045
c) Foreign Exchange Reserve	2019	2018
	US\$	US\$
Closing balance	(118,937)	(198,250)
The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.		
d) Predecessor Accounting Reserve	2019	2018
	US\$	US\$
Closing balance	(133,879)	(133,879)
The reserve arises from the capital reorganisation and records the net liabilities of HeraMED Limited as at the acquisition date of 10 December 2018. Refer to Note 3.		

NOTE 20: SHARE BASED PAYMENTS

During the year ended 31 December 2019, the Company recorded the following share-based payments:

- The issue of 2,000,000 Options exercisable at A\$0.25 on or before 31 December 2021 to third party service providers ("Service Providers Options"). The fair value of the options has been determined using Black-Scholes model as the fair value of the service provided could not be reliably determined.
- The issue of 1,200,000 Class 1 Options exercisable at A\$0.165 on or before 15 August 2024 to Israeli employees ("Employee Options Class 1").
- The issue of 25,000 Class 2 Options exercisable at A\$0.165 on or before 15 August 2024 to Israeli employees ("Employee Options Class 2").
- The issue of 574,000 Class 3 Options exercisable at US\$0.01 (approximately A\$0.015) on or before 15 August 2024 to Ms Sivan Sadan ("CFO Options").
- The issue of 5,525,000 ordinary shares as consideration to Vendors as a result of the satisfaction of the first performance milestone achieved within 12 months of listing on the ASX. No share-based payment expense has been recognised in the statement of profit or loss and other comprehensive income as this formed part of the 2018 financial year acquisition accounting.
- The issue of 975,000 ordinary shares to Corporate Advisors as a result of the satisfaction of the first performance milestone achieved within 12 months of listing on the ASX. An initial expense of US\$69,335 was already recorded in the 2018 statement of profit or loss and other comprehensive income of 2018 and an additional expense of US\$69,335 has been recognised in the 2019 statement of profit or loss and other comprehensive income.
- The post year-end issue of 500,000 ordinary shares to third-party service providers for their services during the 2019 financial year. The Group recorded an expense of US\$52,722 in the statement of profit or loss and other comprehensive income (refer to Note 25).

Fair value

For equity settled share-based payments, the Group measures the goods or services received and the corresponding increase in equity, directly at the fair value of the goods or services received. Where this cannot be reliably measured, the Group measures the value by reference to the fair value of equity instruments granted.

The Black-Scholes option pricing model was used to determine the fair value of the options issued. The Black-Scholes inputs and valuations were as follows:

Options	Service Providers Options	Employee Options Class 1	Employee Options Class 2	CFO Options
Number of options	2,000,000	1,200,000	25,000	574,000
Grant date	22 Aug 2019	15 Aug 2019	15 Aug 2019	15 Aug 2019
Exercise price	A\$0.25	A\$0.165	A\$0.165	US\$0.01
Expected volatility	60%	60%	60%	60%
Implied option life (years)	2.0	3.3	2.5	2.85
Expected dividend yield	nil	nil	nil	nil
Risk free rate	0.86%	0.70%	0.70%	0.70%
Valuation per option A\$	0.0193	0.0694	0.0611	0.1502
Exchange rate	1.4784	1.4760	1.4760	1.4760
Valuation per option US\$	0.0131	0.0470	0.0414	0.1018
Total valuation US\$ (i)	26,095	56,428	1,036	58,427
Total vested FY2019	2,000,000	100,000	25,000	239,167

(i) Due to rounding, the total might not precisely reflect the absolute figures obtained by multiplying the number of options by the valuation per option.

NOTE 20: SHARE BASED PAYMENTS (cont'd)**Share Based Payments Expense**

Share based payment expense at 31 December 2019 is comprised as follows:

	2019	2018
	US\$	US\$
Issue of 7,500,000 Management Options	-	311,814
Issue of 8,600,000 Noteholder Options	-	357,546
Deferred Consideration Shares to be issued to Corporate Advisors	69,335	69,335
Shares yet to be issued to third-party service providers (Note 25)	52,722	-
Share option plans	59,293	269,720
Total expense recognised in profit or loss	<u>181,350</u>	<u>1,008,415</u>
Issue of 7,500,000 Broker Options	-	311,814
Total expense recognised in equity	<u>-</u>	<u>311,814</u>
Share option plans – capitalised under Intangible assets	-	89,501
Total share-based payments expense	<u>181,350</u>	<u>1,409,730</u>

NOTE 21: OPERATING SEGMENTS**Segment Information****Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

NOTE 22: FINANCIAL INSTRUMENTS**(a) Capital management**

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

NOTE 22: FINANCIAL INSTRUMENTS (cont'd)**(b) Categories of financial instruments**

	2019	2018
	US\$	US\$
Financial assets		
Cash and cash equivalents	2,045,612	4,033,829
Other receivables	209,549	121,599
	<u>2,255,161</u>	<u>4,155,428</u>
Financial liabilities		
Trade and other payables	456,345	470,520
Lease liabilities	72,616	-
Borrowings	168,464	157,220
Other financial liabilities	518,634	557,235
	<u>1,216,059</u>	<u>1,184,975</u>

The fair value of the above financial instruments approximates their carrying values.

(c) Financial risk management policies

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of those risks on the Group where such impacts may be material. The board receives financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

(d) Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see (e) below).

(e) Interest rate risk management

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in Profit US\$	Movement in Equity US\$
Year ended 31 December 2019		
+/-1% in interest rates	20,456	20,456
Year ended 31 December 2018		
+/-1% in interest rates	40,338	40,338

NOTE 22: FINANCIAL INSTRUMENTS (cont'd)
(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(g) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

2019	Interest rate	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual cash flows	Carrying amount
		US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables		456,345	-	-	-	456,345	456,345
Lease liabilities		-	-	72,616	-	72,616	72,616
Borrowings	2.56%	-	-	168,464	-	168,464	168,464
Other financial liabilities		-	16,165	502,469	-	518,634	518,634
		456,345	16,165	743,549	-	1,216,059	1,216,059

2018	Interest rate	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual cash flows	Carrying amount
		US\$	US\$	US\$	US\$	US\$	US\$
Trade and other payables		470,520	-	-	-	470,520	470,520
Borrowings	2.56%	-	-	157,220	-	157,220	157,220
Other financial liabilities		-	29,870	527,365	-	557,235	557,235
		470,520	29,870	684,585	-	1,184,975	1,184,975

NOTE 22: FINANCIAL INSTRUMENTS (cont'd)

(h) Net fair value of financial assets and liabilities

Fair value estimation

Due to the short-term nature of the receivables and payables, the carrying value approximates fair value.

(i) Foreign currency risk

The currency risk is that risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency of the subsidiary company), the New Israeli Shekel, the Australian Dollar (functional currency of the parent company).

NOTE 23: PARENT ENTITY FINANCIAL INFORMATION

The following information of the legal parent HeraMED Limited has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in Note 1.

(a) Financial Position of HeraMED Limited

	2019 US\$	2018 US\$
ASSETS		
Current assets	1,064,726	3,762,906
Non-current assets	-	660,713
TOTAL ASSETS	1,064,726	4,423,619
LIABILITIES		
Current liabilities	53,246	83,582
Non-current liabilities	-	-
TOTAL LIABILITIES	53,246	83,582
NET ASSETS	1,011,480	4,340,037
SHAREHOLDERS' EQUITY		
Issued capital	5,965,928	6,234,126
Shares to be issued	52,722	-
Reserves	817,898	677,811
Accumulated losses	(5,825,068)	(2,571,900)
SHAREHOLDERS' EQUITY	1,011,480	4,340,037

(b) Statement of profit or loss and other comprehensive income

Loss for the year	(3,253,168)	(2,571,900)
Other comprehensive income	-	-
Total comprehensive loss	(3,253,168)	(2,571,900)

(c) Guarantees entered into by HeraMED Limited for the debts of its subsidiary

There are no guarantees entered into by HeraMED Limited.

(d) Contingent liabilities of HeraMED Limited

There were no contingent liabilities as at 31 December 2019 (2018: nil).

(e) Commitments by HeraMED Limited

There were no commitments as at 31 December 2019 (2018: nil).

NOTE 24: CONTROLLED ENTITIES

The ultimate legal parent entity of the Group is HeraMED Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Controlled entity	Country of Incorporation	Percentage Owned	
		2019	2018
Hera Med Ltd	Israel	100%	100%

The proportion of ownership interest is equal to the proportion of voting power held.

NOTE 25: SHARES TO BE ISSUED

As at 31 December 2019, the Company was yet to issue 500,000 ordinary shares at a deemed issue price of A\$0.15 per share to a third party for services rendered to the Company. The issue was subject to shareholders approval which was sought and obtained at a General Meeting of the Company held on 19 February 2020. The shares were issued subsequent to the year end.

NOTE 26: CONTINGENT LIABILITIES

The Group has no known contingent liabilities as at 31 December 2019 other than a bank guarantee of 66,000 NIS (approximately US\$19,097 at an exchange rate of 3.456 NIS/\$US) issued in regard to the office lease in Israel. The Company has provided a cash deposit with a lien in favour of the bank for the issuance of the bank guarantee (see Note 11). In addition, the Group provided a cash deposit of 60,000 NIS (approximately US\$17,361 at an exchange rate of 3.456 NIS/\$US) to secure credit card payments.

NOTE 27: EVENTS AFTER THE REPORTING PERIOD

HeraMED accessed unique pregnancy database to strengthen OrionAI – HeraMED’s cloud based, machine learning software-as-a-service (SaaS) platform.

HeraMED appointed US General Manager of Operations to lead the development of a commercial strategy and expedite the Company’s entry into the US market.

Mayo Clinic to initiate a clinical study to evaluate HMD’s HeraBEAT Plus solution.

The World Health Organisation announced that the coronavirus (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage. The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such, the Group is unable to estimate the effects of the COVID-19 outbreak on the Group’s financial position, liquidity and operations in the 2020 financial year.

There were no other material events after the reporting period other than the above.

NOTE 28: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 March 2020.

The directors are unaware of any other significant event or circumstance that has arisen since 31 December 2019 that has significantly affected the Group’s operations, results or state of affairs, or may do so in future years other than those disclosed above.

NOTE 29: CHANGES TO UNAUDITED PRELIMINARY FINANCIAL REPORT

On 27 February 2020, the Group released its unaudited preliminary financial report for the year ended 31 December 2019 which contained a provision in relation to GST receivable by the Company. Upon finalisation of the audit, other receivables were increased by US\$119,500 to reflect a decision by the Australian Taxation Office (“ATO”) to reinstate the Company’s GST registration and process all GST credits due and payable to the Company. For avoidance of doubt, the Company was entitled to a GST credit of US\$119,500 as at 31 December 2019. The ATO’s decision was communicated to the Company subsequent to the release of the unaudited preliminary financial report. Net assets of the Group increased by \$119,500 and the loss attributable to members of the Group decreased by US\$118,159.

DIRECTORS' DECLARATION

In the Director's opinion:

1. The consolidated financial statements and notes set out on pages 25 to 51 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements, noting the matters documented in Note 1(a);
 - b) giving a true and fair view, the Group's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2019.

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

David Groberman

Mr David Groberman
Chief Executive Officer
Tel Aviv, 27 March 2020

INDEPENDENT AUDITOR'S REPORT

To the members of HeraMED Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HeraMED Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting of share-based payments

Key audit matter	How the matter was addressed in our audit
<p>During the financial year ended 31 December 2019, the Group issued equity instruments, in the form of shares and options to eligible employees and other consultants as detailed in Note 1, Note 19 and Note 20.</p> <p>The Group performed valuations of shares and options issued and recorded the related share-based payment expense or capital raising costs in accordance with the relevant accounting standard.</p> <p>Due to the judgemental estimates used in determining the fair value of the share-based payments, we consider the accounting for the share-based payments to be a key audit matter.</p>	<p>Our audit procedures in respect of this area included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing board minutes to assess if new share-based payments granted during the year have been accounted for; • Holding discussion with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs, involving our valuation specialists where considered necessary; • Assessing management's determination of achieving non-market vesting conditions of the deferred consideration shares on issue; • Assessing the allocation of the share-based payment expense over management's expected vesting period; and • Assessing the adequacy of the disclosure in Note 1, Note 19 and Note 20 in the financial report.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of HeraMED Limited, for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

Dean Just

Director

Perth, 27 March 2020

ADDITIONAL ASX INFORMATION

The shareholder information set out below was applicable as at 10 March 2020.

As at 10 March 2020, there were 803 holders of Ordinary Fully Paid Shares.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands, each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and deferred securities that the Company currently has on issue. Upon exercise of the options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY (20) LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Fully Paid Shares

Holder Name	Holding	% IC
Altshuler Shaham Trusts Ltd <Holley Pharma Co Ltd A/C>	10,857,385	10.47
Altshuler Shaham Trusts Ltd <Tal Slonim A/C>	9,245,418	8.91
Altshuler Shaham Trusts Ltd <David Groberman A/C>	9,245,418	8.91
Freeman Road Pty Ltd <The Avenue A/C>	3,579,032	3.45
Altshuler Shaham Trusts Ltd <Exit Valley Investors A/C>	3,550,421	3.42
Etchell Capital Ltd	3,512,500	3.39
Altshuler Shaham Trusts Ltd <Michael Nenner A/C>	3,040,774	2.93
Chris Ntoumenopoulos	3,025,000	2.92
Altshuler Shaham Trusts Ltd	1,628,126	1.57
Pula Holdings Pty Ltd <Herath Super Fund A/C>	1,529,000	1.43
Mr Dominic Virgara	1,000,000	0.96
S & S Browne Assets Pty Ltd <S & S Browne Investment A/C>	975,000	0.94
Alta Holdings Pty Ltd <Stillwater A/C>	960,000	0.93
Dr Matthew Farrugia	955,229	0.92
Sobol Capital Pty Ltd <BOC A/C>	850,000	0.82
Sharp Holdings Pty Ltd <The Sharp Property A/C>	747,500	0.72
Altshuler Shaham Trusts Ltd <Mayo Found For Me & R A/C>	734,007	0.71
Martin Corporation NQ Pty Ltd (Martin Corporation Discretionary Trust) <Martin Corp (NQ) Pty Ltd A/C>	700,000	0.67
Mr Stephen John Browne & Mrs Suzette Marie Browne <Stephen Browne S/F A/C>	677,850	0.65
Moshe Cohen	550,000	0.53
Monex Boom Securities (HK) Ltd <Clients Account>	535,600	0.52
Total	57,897,990	55.83

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 10 March 2020 are:

Name	No of Shares Held	% of Issued Capital
Altshuler Shaham Trusts Ltd <Holley Pharma Co Ltd A/C>	10,857,385	10.47
Altshuler Shaham Trusts Ltd <Tal Slonim A/C>	9,245,418	8.91
Altshuler Shaham Trusts Ltd <David Groberman A/C>	9,245,418	8.91

DISTRIBUTION OF EQUITY SECURITIES**Ordinary Fully Paid Shares**

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	7	357	0.00
1,001 - 5,000	130	437,071	0.42
5,001 - 10,000	140	1,225,771	1.18
10,001 - 100,000	390	16,444,663	15.86
100,001 - 9,999,999,999	136	85,605,055	82.54
Totals	803	103,712,917	100.00

Unmarketable Parcels – 143 Holders with a total of 469,909 shares, based on the last trading price of \$0.086 on 10 March 2020.

RESTRICTED SECURITIES

As at 10 March 2020, the following shares are subject to escrow:

8,277,494	Ordinary Fully Paid Shares escrowed until 5 December 2020
41,567,847	Ordinary Fully Paid Shares escrowed until 12 December 2020
4,022,000	Unlisted Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020
7,500,000	Unlisted Broker Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020
7,500,000	Unlisted Director Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020

UNQUOTED SECURITIES

As at 10 March 2020, the following unquoted securities are on issue:

Unlisted Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020 – 16 Holders

Holders with more than 20% - Nil

Unlisted Broker Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020 – 14 Holders

Holders with more than 20% - Nil

Unlisted Director Options Expiring 5 December 2021 @ \$0.25 escrowed until 12 December 2020 – 5 Holders*Holder with more than 20%*

Holder Name	Holding	% IC
Altshuler Shaham Trusts Ltd <Tal Slonim A/C>	3,187,500	42.5
Altshuler Shaham Trusts Ltd <David Groberman A/C>	3,187,500	42.5

Unlisted Options Expiring 5 December 2021 @ \$0.00002 escrowed until 12 December 2020 – 2 Holders*Holder with more than 20%*

Holder Name	Holding	% IC
Altshuler Shaham Trusts Ltd <Tal Slonim A/C>	463,752	50
Altshuler Shaham Trusts Ltd <David Groberman A/C>	463,752	50

Unlisted Options Expiring 5 December 2021 @ \$0.00002 – 9 Holders*Holder with more than 20% - Nil***Unlisted Options Expiring 5 December 2021 @ \$0.25 – 39 Holders***Holder with more than 20%*

Holder Name	Holding	% IC
Freeman Road Pty Ltd <The Avenue A/C>	1,200,000	26.21

Unlisted Options Expiring 31 December 2021 @ \$0.25 – 2 Holders*Holder with more than 20%*

Holder Name	Holding	% IC
Pointciana Pty Ltd <Ivanhoe Investments A/C>	1,500,000	75
Ratdog Pty Ltd	500,000	25

Unlisted Options Expiring 19 February 2020 @ \$0.25 – 2 Holders*Holder with more than 20%*

Holder Name	Holding	% IC
Etchell Capital Ltd	1,125,000	50
Sobol Capital Pty Ltd <BOC A/C>	1,125,000	50

Unlisted Options Expiring 15 August 2024 @ \$0.165 – 4 Holders*Holder with more than 20%*

Holder Name	Holding	% IC
Altshuler Shaham Trusts Ltd	825,000	67.35

Unlisted Options Expiring 15 August 2024 @ US\$0.01 – 1 Holder*Holder with more than 20%*

Holder Name	Holding	% IC
Sivan Sadan	574,000	100

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ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

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