

ASX APPENDIX 4D HALF-YEAR FINANCIAL REPORT TO 30 JUNE 2020

1. DETAILS OF REPORTING PERIOD

Name of Entity	HeraMED Limited (“the Company”)
ABN	65 626 295 314
Reporting Period	30 June 2020
Previous Corresponding Period	30 June 2019
Presentation Currency	US Dollars (US\$)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2020 US\$	30 June 2019 US\$	Increase/ (Decrease) %	Amount change US\$
Revenues from ordinary activities	36,156	87,899	(59%)	(51,743)
Profit/(loss) after tax from ordinary activities attributable to members	(1,345,797)	(1,361,573)	(1%)	15,776
Profit/(loss) after tax attributable to members	(1,345,797)	(1,361,573)	(1%)	15,776

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

For further information, refer to the review of activities contained in the directors’ report, which forms part of the attached half-year financial report.

3. NET TANGIBLE ASSETS PER SHARE

	30 June 2020* US\$	30 June 2019 US\$
Net tangible asset backing per ordinary security	1.06 cents	2.08 cents

* The net tangible asset backing per per ordinary security has decreased as the right-of-use asset has been excluded as a tangible asset and the lease liability included.

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 30 June 2020.

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not Applicable

8. FOREIGN ENTITIES

Not Applicable

9. AUDIT

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.

David Groberman

Mr David Groberman
Chief Executive Officer

24 August 2020

For personal use only



HERAMED LIMITED

ABN 65 626 295 314



The central image shows a woman in a light blue top smiling while a midwife in a white coat examines her belly. In the foreground, there are two devices displaying the HERAMED app interface. The laptop screen shows a dashboard for a user named Patricia Williams with various health metrics and charts. The smartphone screen shows a "GOOD MORNING PATRICIA" notification and a social network feed.

HOME MEASUREMENTS
Set of connected, digital health tools optimized for simple home use provides comprehensive pregnancy health trend base analysis.

LIFESTYLE GUIDANCE
Rich, personalized knowledge library: Articles, Blogs, Vlogs and controlled access to the most recent & accurate info.

PREGNANCY MANAGEMENT
Simple to follow daily tasks optimizes user adherence Integrated with reminders and incentives.

MIDWIFE SUPPORT
24/7 empathetic interaction human intervention when needed empowered by accurate, relevant and updated patient data.

SOCIAL NETWORK
Community sharing & support providing a reinforcement network relieving stress and anxiety.

INCENTIVE PROGRAM
Rewards and point-based adds gamification element enhances user engagement.

Half year report for the half-year ended 30 June 2020

Corporate Directory

Board of Directors

Dr Ron 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
Tel: +61 (2) 8379 2961

Group 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 Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Phone: 1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia)
Fax: +61 8 9321 2337
Email: hello@automic.com.au
Web: www.automic.com.au

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152- 158 St Georges Terrace
Perth WA 6000

ASX Code

HMD

For personal use only

Half year report for the half-year ended 30 June 2020

Contents

	Page
Directors' report.....	1
Auditor's independence declaration.....	5
Independent auditor's review report.....	6
Directors' declaration.....	8
Consolidated statement of profit or loss and other comprehensive income.....	9
Consolidated statement of financial position.....	10
Consolidated statement of changes in equity.....	11
Consolidated statement of cash flows.....	12
Condensed notes to the consolidated financial statements.....	13

Directors' report

The directors of HeraMED Limited ("HeraMED" or "the Company") (ASX: HMD) submit herewith the half-year report of HeraMED Limited and its controlled entity ("the Group") for the half-year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors of the Company during or since the end of the half-year are:

Dr Ron 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

The above-named directors have been in office since the start of the half-year to the date of this report.

Operating and financial review

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

Operating results

The consolidated loss of the Group for the half-year ended 30 June 2020 after providing for income tax, amounted to \$1,345,797 (30 June 2019: \$1,361,573). Net assets of the Group for the half-year amounted to \$2,454,987 (31 Dec 2019: \$2,387,886). As at 30 June 2020, the Group had cash and cash equivalents of \$2,264,359 (31 Dec 2019: \$2,045,612).

Review of operations

HeraMED Limited, a medical technology company leading the digital transformation of maternity care with its proprietary remote monitoring maternity care platform, is pleased to provide an update on its progress for the six months period ending 30 June 2020.

With a CE, TGA and FDA-cleared foetal ultrasonic heart rate monitor that is available for professional and home use, supported by a comprehensive in-home maternity care platform, HeraMED is very well-placed to deliver high quality pre- and post-natal care to significantly improve the safety, efficiency and cost of maternal healthcare.

Highlights

- COVID-19 presents a unique opportunity to fast-track adoption of digital health and maternity care;
- HeraMED is well-placed to deliver high-quality pre- and post-natal care to improve the safety, efficiency and cost of maternal healthcare and is focused on a fast-tracked adoption of its homecare-based solution;
- HeraMED accessed a unique pregnancy database to strengthen OrionAI – HeraMED's cloud based, machine learning software-as-a-service (SaaS) platform.
- HeraMED appointed a US General Manager of Operations to lead the development of a commercial strategy and expedite the Company's entry into the US market.
- Solid progress on commercialisation strategy, as evidenced by a confirmed trial at Mayo Clinic in the United States and Joondalup Health Campus in Western Australia;
- Signed agreement with Freeman Road and PHI Group, a leading healthcare advisory group to secure further clinical studies and research projects in Australia;
- Progressed discussions with further leading healthcare providers in the US as potential partners;
- Signed distribution agreement with Advanced Pregnancy Solutions, a subsidiary of MedTech Edge Pty, an Australian medical devices and healthcare technology supplier to distribute and build exposure; and
- Successfully raised \$1.6m (A\$2.32m) via a placement to sophisticated and institutional investors.

During the period ended 30 June 2020, HeraMED made solid progress on its commercialisation strategy to collaborate with top-tier healthcare providers to drive adoption with an initial focus in the USA and Australia, representing key regions of strategic growth.

The two important new agreements signed during the period relating to the clinical study pipeline included a clinical trial at Mayo Clinic. Mayo Clinic is one of the largest and most widely acclaimed academic health systems in the world. An agreement was also signed with Freeman Road and PHI Group, a leading healthcare advisory group to secure further clinical studies in Australia.

Exclusive agreement with Australian distributor

In line with its growth strategy, the Company signed an exclusive distribution agreement with one of MedTech Edge's wholly owned subsidiary, Advanced Pregnancy Solutions which was incorporated exclusively to focus on accelerating the commercialisation of HeraCARE.

Under the terms of the agreement, Advanced Pregnancy Solutions will leverage its extensive network to establish relationships with a broad range of top-tier medical institutions and pioneers to amplify HeraMED's exposure as an innovative telehealth solution and secure pilot projects and clinical studies ahead of commercial agreements.

Global markets

While the Company is primarily focusing on the USA and Australia as key markets of strategic importance, it is also committed to supporting and cooperating with partners in several other territories.

Turkey: The first shipment of units has been sent and received by HeraMED's exclusive Turkish distributor Medizane following the completion of translation and localization of the collateral materials including product, marketing etc, and local ministry of health certifications. HMD and Medizane have been working in collaboration to analyse, evaluate and target potential clients with the updated platform and SaaS business model.

India: HeraMED's Indian distributor Her Healthcare at Home has been working closely with several leading physicians and key opinion leaders evaluating and validating the HeraBEAT plus solution. Feedback to date has been positive, allowing Her Healthcare at Home to begin promoting the technology to different medical organisations.

Brazil: Hapvida has deployed HeraBEAT devices throughout its network and HeraBEAT is now operating as a full pregnancy monitoring solution during labour as well as antenatal surveillance. This followed a stringent testing period which proved HeraBEAT as accurate and reliable. HeraMED and Hapvida have now entered discussions regarding the next stages of commercialisation cooperation.

COVID-19

The impact of the coronavirus (COVID-19) pandemic presented cash flow and manufacturing challenges and as a result, the Company implemented several measures such as:

- HR expenses - the Company reduced salaries of personnel by 25% and directors' compensation by 50% for the months of March-June 2020.
- Marketing expenses - As part of its strategic focus on the USA and Australia, the Company decided to reduce the expenses and efforts in several secondary markets including in Israel and Europe.
- Manufacturing - the Company decided to delay the shift to manufacturing to China and currently keeps manufacturing of the HeraBEAT device in Israel. The Company will carefully monitor both the COVID-19 limitations as well as tax challenges which might arise as a result of the tension between the USA and China.

The market and demand change rapidly as a result of COVID-19. Thus, many companies, and the Company amongst them, experience uncertainty as to their sales and marketing projections and expectations.

Events subsequent to the reporting period

(i) Agreement with Mayo Clinic and broader US strategy

HeraMED's US market entry strategy focuses on leveraging relationships with healthcare institutions to initially target healthcare providers including hospitals and doctors. The HeraCARE platform is expected to deliver a number of complementary benefits to existing healthcare providers including cost reductions, increased satisfaction and overall better maternity care outcomes.

During July 2020, as part of this strategy, HeraMED extended its collaboration with Mayo Clinic, with a new agreement for the development of its HeraCARE pregnancy management platform.

Under the agreement which has already commenced, Mayo Clinic will provide project funding, expert medical know-how and guidelines in the field of prenatal care, and a license to Mayo's library of educational content in the space.

Importantly, a number of discussions are also underway with several other leading maternal healthcare providers across the US in relation to undertaking pilot studies of HeraCARE. The Company anticipates that these discussions will lead to further collaboration agreements, to be announced in the coming months. The Company will leverage the results and findings from ongoing testing and pilots to target additional healthcare providers globally.

(ii) Clinical study at the Joondalup Health Campus and broader Australian strategy

During July 2020, HMD announced final approvals, including ethics committee approval to commence a clinical study at the Joondalup Health Campus in Western Australia.

The study is focused on evaluating the usability, acceptability, accuracy and reliability of remote pregnancy monitoring using HeraBEAT plus and strongly supports HMD's strategy to build relationships and work with key opinion leaders in the healthcare industry.

Furthermore, HeraMED has entered into a cooperation agreement with Freeman Road Pty Ltd to expand its Australian footprint and arrange and lead clinical studies to promote HMD's telehealth offering, HeraBEAT and HeraCARE in the health sector.

Freeman Road, in cooperation with PHI (Partnering in Health Innovations) is a well-connected healthcare advisory group, founded by prominent Physician and Researcher Associate Professor, Dr. Paul Porter. The group has an extensive network of global consultants with diverse expertise and collaborating across several locations, including Perth, Queensland, Singapore, Boston, Oxford, Helsinki, and Israel.

HMD and Freeman Road will design and manage comprehensive pilots and clinical studies to evaluate the clinical effectiveness and acceptability of remote pregnancy monitoring using the medical-grade HeraBEAT foetal and Maternal heart rate device.

(iii) Fundraising under a Share Purchase Plan (SPP)

During August 2020, the Company successfully raised \$1.13m (A\$1.583m) via a Share Purchase Plan. The SPP was approved by shareholders at the Annual General Meeting held on 14 July 2020.

COVID-19

The impact of the coronavirus pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly evolving and is dependent on measures imposed by the different Governments, such as maintaining social distancing requirements, quarantine, travel restrictions, ability to deliver goods, possible recession in certain countries and more.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected the operations of the Group or the results of those operations.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

David Groberman

Mr David Groberman
Chief Executive Officer
24 August 2020
Tel Aviv, Israel

For personal use only

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

As lead auditor for the review of HeraMED Limited for the half-year ended 30 June 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 24 August 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HeraMED Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of HeraMED Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 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 conclusion is not modified in respect of this matter.

For personal use only

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO


Dean Just

Director

Perth, 24 August 2020

For personal use only

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr David Groberman
Chief Executive Officer
24 August 2020
Tel Aviv, Israel

For personal use only

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2020

	Note	Half-year ended	
		30 Jun 2020 US\$	30 Jun 2019 US\$
Revenue		36,156	87,899
Cost of sales		(31,583)	(62,430)
Gross profit		4,573	25,469
Other income		6,567	-
Research and development expenses		(514,465)	(413,856)
General and administrative expenses		(403,875)	(466,619)
Sales and marketing expenses		(341,043)	(510,051)
Depreciation and amortisation expenses		(129,057)	(116,196)
Share-based payments		(55,877)	-
Other gains		113,161	119,753
Loss before finance expenses		(1,320,016)	(1,361,500)
Finance income		64	1,010
Finance expenses		(25,845)	(1,083)
Loss before income tax expenses		(1,345,797)	(1,361,573)
Income tax expense		-	-
Loss for the period		(1,345,797)	(1,361,573)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences, net of tax		(118,091)	61,270
Other comprehensive (loss)/income for the period		(118,091)	61,270
Total comprehensive loss for the period		(1,463,888)	(1,300,303)
Loss attributable to:			
Owners of HeraMED Limited		(1,345,797)	(1,361,573)
Total comprehensive loss attributable to:			
Owners of HeraMED Limited		(1,463,888)	(1,300,303)
Loss per share:			
Basic and diluted (cents per share)	9	(1.27)	(1.56)

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 30 June 2020

	Note	30 Jun 2020 US\$	31 Dec 2019 US\$
Current Assets			
Cash and cash equivalents		2,264,359	2,045,612
Trade receivables		14,873	-
Other receivables		152,140	254,613
Inventory		53,504	58,091
Total Current Assets		2,484,876	2,358,316
Non-Current Assets			
Plant and equipment		16,785	16,823
Right-of-use asset		39,101	72,616
Intangible assets	4	1,044,712	1,156,190
Total Non-Current Assets		1,100,598	1,245,629
Total Assets		3,585,474	3,603,945
Current Liabilities			
Trade and other payables		383,582	456,345
Lease liability		39,880	66,805
Other financial liability		57,193	16,165
Total Current Liabilities		480,655	539,315
Non-Current Liabilities			
Borrowings		170,178	168,464
Lease liability		-	5,811
Other financial liability		479,654	502,469
Total Non-Current Liabilities		649,832	676,744
Total Liabilities		1,130,487	1,216,059
Net Assets		2,454,987	2,387,886
Shareholders' Equity			
Issued capital	5	12,181,176	10,738,713
Shares to be issued		-	52,722
Share-based payment reserve	6	2,281,293	2,140,045
Predecessor Accounting reserve	6	(133,879)	(133,879)
Foreign exchange reserve	6	(237,028)	(118,937)
Accumulated losses		(11,636,575)	(10,290,778)
Shareholders' Equity		2,454,987	2,387,886

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

Consolidated statement of changes in equity as at 30 June 2020

	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 2019	9,822,642	-	2,011,417	(133,879)	(198,250)	(7,161,893)	4,340,037
Loss for the period	-	-	-	-	-	(1,361,573)	(1,361,573)
Other comprehensive income	-	-	-	-	61,270	-	61,270
Total comprehensive loss for the period	-	-	-	-	61,270	(1,361,573)	(1,300,303)
Share issued	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-
Balance at 30 June 2019	9,822,642	-	2,011,417	(133,879)	(136,980)	(8,523,466)	3,039,734
Balance at 1 January 2020	10,738,713	52,722	2,140,045	(133,879)	(118,937)	(10,290,778)	2,387,886
Loss for the period	-	-	-	-	-	(1,345,797)	(1,345,797)
Other comprehensive loss	-	-	-	-	(118,091)	-	(118,091)
Total comprehensive loss for the period	-	-	-	-	(118,091)	(1,345,797)	(1,463,88)
Shares issued	1,657,598	(52,722)	-	-	-	-	1,604,876
Share-based payments	-	-	141,248	-	-	-	141,248
Share issue costs	(215,135)	-	-	-	-	-	(215,135)
Balance at 30 June 2020	12,181,176	-	2,281,293	(133,879)	(237,028)	(11,636,575)	2,454,987

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

Consolidated statement of cash flows for the half-year ended 30 June 2020

	Note	Half-year ended	
		30 Jun 2020	30 Jun 2019
		US\$	US\$
Cash flows from operating activities			
Receipts from customers		6,774	150,018
Net receipts from grants		4,385	-
Payments to suppliers and employees		(1,229,750)	(1,596,212)
Interest received		64	1,010
Net cash (used in) operating activities		(1,218,527)	(1,445,184)
Cash flows from investing activities			
Payments for plant and equipment		(2,151)	(5,230)
Payments for capitalised development costs	4	(15,390)	(141,339)
Net cash (used in) investing activities		(17,541)	(146,569)
Cash flows from financing activities			
Net proceeds from equity instruments of the Company		1,476,856	-
Repayment of lease liability		(30,625)	-
Net cash provided by financing activities		1,446,231	-
Net increase/(decrease) in cash and cash equivalents		210,163	(1,591,753)
Cash and cash equivalents at the beginning of the period		2,045,612	4,033,829
Impact of movement in foreign exchange rates		8,584	103,328
Cash and cash equivalents at the end of the period		2,264,359	2,545,404

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

For personal use only

Condensed notes to the consolidated financial statements for the half-year ended 30 June 2020

1. General information

HeraMED Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Group's registered office and principal place of business is disclosed in the corporate directory.

This half-year financial report was authorised for issue by the directors on 24 August 2020.

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*. The half-year report does not include full disclosure of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this half-year report be read in conjunction with any public announcements made by HeraMED Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the ASX Listing Rules.

Basis of measurement and reporting conventions including capital reorganisation

The half-year report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The half-year report is presented in United States dollars (US\$) and all values are rounded to the nearest dollar unless otherwise stated.

2. Application of new and revised Australian Accounting Standards

2.1 Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

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

2.2 New and revised Australian Accounting Standards and Interpretations on issue 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

3. Significant accounting policies

The accounting policies adopted are consistent with the accounting policies adopted in HMD's last annual financial statements for the year ended 31 December 2019.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss for the half-year ended 30 June 2020 of \$1,345,797 (30 June 2019: \$1,361,573), net cash outflows used in operating activities was \$1,218,527 (30 June 2019: \$1,445,184) and subsequent to the reporting date, raised \$1.13m (A\$1.583m) under a Share Purchase Plan.

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 2021 financial year.

Whilst the Company is expected to be cash-flow negative for 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 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 that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- 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.

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 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 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.

Critical accounting judgements, estimates and assumptions*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have on the Group based on known information. This consideration extends to the nature of products and services offered, customers, supply-chain, staffing and geographic regions in which the Group operates. Other than as addressed in the Directors' Report and in specific notes, there does not currently appear to be any material impact on the financial statements with respect to events or conditions which may impact the Group unfavourably as at the reporting date.

4. Intangible assets

	30 Jun 2020	31 Dec 2019	
	US\$	US\$	
Cost (1)	1,610,849	1,595,459	
Accumulated amortisation	(566,137)	(439,269)	
Net carrying amount	1,044,712	1,156,190	
	Purchase	Development	Total
	license (2)	costs	US\$
	US\$	US\$	US\$
Cost			
Balance at 1 January 2019	96,038	1,298,672	1,394,710
Additions	-	200,749	200,749
Amortisation expense	-	(439,269)	(439,269)
Balance at 31 December 2019	96,038	1,060,152	1,156,190
Opening net book amount at 1 January 2020	96,038	1,060,152	1,156,190
Additions	-	15,390	15,390
Amortisation expense	-	(126,868)	(126,868)
Balance at 30 June 2020	96,038	948,674	1,044,712

(1) The Company capitalised development costs that are attributable to the HeraBEAT product. This is in accordance with the Company's accounting policy on intangible assets.

(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 Research ("Mayo") as consideration for a research and development license with Mayo.

5. Issued capital

(a) Share capital

129,682,336 (31 Dec 2019: 103,212,917) fully paid ordinary shares

	30 Jun 2020 US\$	31 Dec 2019 US\$
	12,181,176	10,738,713

(b) Movement in ordinary capital

	No. of shares	Total (US\$)
Opening balance as at 1 January 2020	103,212,917	10,738,713
Issue of shares (i)	500,000	50,054
Issue of shares (ii)	164,760	11,517
Placement (iii)	25,804,659	1,596,027
Share issue costs	-	(215,135)
Closing balance as at 30 June 2020	129,682,336	12,181,176

(i) Issue of shares on 19 February 2020 to S3 Consortium Pty Limited or its nominee(s) at a deemed issue price of A\$0.15 per share for services rendered to the Company.

(ii) Issue of shares on 17 April 2020 to Spark Plus Pte Ltd at a deemed issue price of A\$0.11 per share for consultancy and investor relations services rendered to the Company.

(iii) Issue of shares on 15 June 2020 at an issue price of A\$0.09 per share pursuant to a Placement.

(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 deposited with major financial institutions.

(d) Deferred Consideration Shares

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 Advisors) 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.
- 2,475,000 Deferred Consideration Shares to Corporate Advisors 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.

The Deferred Consideration Shares will convert into ordinary shares on the achievement of the respective milestones.

For the half-year ended 30 June 2020, no share-based payment expense has been recognised in respect of these Deferred Consideration Shares as there had been no changes to management's assessed probabilities of milestone achievement since 31 December 2019.

6. Reserves

	30 Jun 2020	31 Dec 2019
	US\$	US\$
a) Share-based payment reserve		
35,642,578 (31 December 2019: 31,070,159) options on issue	2,281,293	2,140,045

Movement in share-based payment reserve

	30 Jun 2020
	US\$
Opening balance at 1 January 2020	2,140,045
Issue of 2,250,000 Placement 1 Options (refer to Note 7)	47,601
Issue of 2,322,419 Placement 2 Options (refer to Note 7)	37,770
Options to employees and CFO in prior year	55,877
Closing balance at 30 June 2020	2,281,293

	30 Jun 2020	31 Dec 2019
	US\$	US\$
b) Foreign currency translation reserve		
Closing balance	(237,028)	(118,937)

The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.

	30 Jun 2020	31 Dec 2019
	US\$	US\$
c) Predecessor accounting reserve		
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.

7. Share-based payments

During the half-year ended 30 June 2020, the Company recorded the following share-based payments:

- The issue of 2,250,000 Options exercisable at A\$0.25 on or before 19 February 2022 to the lead manager and corporate advisors pursuant to a Placement in December 2019 ("Placement 1 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 measured.
- The issue of 2,322,419 Options exercisable at A\$0.20 on or before 14 August 2022 to Henslow Pty Ltd as part of the compensation due to Henslow Pty Ltd for the completing of the offer in June 2020 ("Placement 2 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 measured.

Fair Value

The Black-Scholes option pricing model was used to determine the fair value of the Placement and Broker Options. The inputs to the model and valuation were as follows:

	Placement 1 Options	Placement 2 Options
Number of options	2,250,000	2,322,419
Grant date	19 February 2020	14 July 2020
Exercise price	A\$0.25	A\$0.20
Expected volatility	69%	91%
Implied option life (years)	2.0	2.0
Expected dividend yield	Nil	Nil
Risk free rate	0.70%	0.26%
Valuation per option (A\$)	0.0317	0.0236
Exchange rate	1.4984	1.4511
Valuation per option (US\$)	0.0216	0.0163
Total valuation (US\$) (i)	47,601	37,770
Total vested HY2020	2,250,000	2,322,419

(i) Due to rounding, the total might not precisely reflect the absolute figure obtained by multiplying the number of options by the valuation per option. These options have been expensed through equity as the services rendered related to capital raisings.

Share-based payments expense

Share based payment expense at 30 June 2020 is comprised as follows:

	30 Jun 2020 US\$	30 Jun 2019 US\$
Share option plans	55,877	-
Total expense recognised in profit or loss	55,877	-
Issue of 2,250,000 Placement 1 Options	47,601	-
Issue of 2,322,419 Placement 2 Options	37,770	-
Total expense recognised in equity	85,371	-
Total share-based payments expense	141,248	-

Options on issue

Options may be issued to external consultants or non-related parties without shareholders' approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded. Options cannot be offered to a director or an associate of a director except where approval is given by shareholders at a general meeting.

Each option converts into one ordinary share of HeraMED Limited on exercise. The options carry neither the right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were on issue at the reporting date:

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

There has been no alteration to the terms and conditions of the above options arrangements since the grant date.

8. Dividends

The Company did not pay or propose any dividends in the half-year to 30 June 2020.

9. Loss per share

	30 Jun 2020	30 Jun 2019
	US cents per share	US cents per share
Basic and diluted loss per share	(1.27)	(1.56)

9.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	30 Jun 2020	30 Jun 2019
	US\$	US\$
Loss for the year attributable to the owners of the Company	(1,345,797)	(1,361,573)

	30 Jun 2020	30 Jun 2019
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	105,914,739	87,528,841

10. Commitments

The Group has entered into an agreement related to evaluation of the HeraBEAT Plus solution. As at 30 June 2020, under the agreement, the Group is committed to making payments over future periods, as follows:

	30 June 2020
	US\$
Within one (1) year	23,032
Later than one (1) year but not later than five (5) years	99,287
Later than five (5) years	-

On 6 Feb 2020, the Company signed an agreement with Mayo Clinic under which the Company committed US\$122,319 over a period of 2 years for a clinical study to evaluate HMD's HeraBEAT Plus solution.

11. Contingencies

On 20 May 2020, the Company signed an agreement with Freeman Road Pty Ltd and PHI (Partnering in Health Innovations) to initiate pilots and clinical trials in Australia ("Agreement"). Under the terms of the Agreement, a total of 5,500,000 options will be granted upon achievement of milestones; 2,000,000 options upon commencement of a clinical study or pilot, 2,500,000 options on successful completion of the study and 1,000,000 on execution of a commercial agreement.

No share-based payment expense has been recognised during the half-year ended 30 June 2020 as services per the Agreement commenced on 13 July 2020 following final approvals including ethics committee approval to commence a clinical study at the Joondalup Health Campus in Western Australia.

The Group has no other known contingencies as at 30 June 2020.

12. Events occurring after the reporting period

(i) Agreement with Mayo Clinic and broader US strategy

HeraMED's US market entry strategy focuses on leveraging relationships with healthcare institutions to initially target healthcare providers including hospitals and doctors. The HeraCARE platform is expected to deliver a number of complementary benefits to existing healthcare providers including cost reductions, increased satisfaction and overall better maternity care outcomes.

During July 2020, as part of this strategy, HeraMED extended its collaboration with Mayo Clinic, with a new agreement for the development of its HeraCARE pregnancy management platform.

Under the agreement which has already commenced, Mayo Clinic will provide project funding, expert medical know-how and guidelines in the field of prenatal care, and a license to Mayo's library of educational content in the space.

Importantly, a number of discussions are also underway with several other leading maternal healthcare providers across the US in relation to undertaking pilot studies of HeraCARE. The Company anticipates that these discussions will lead to further collaboration agreements, to be announced in the coming months. The Company will leverage the results and findings from ongoing testing and pilots to target additional healthcare providers globally.

(ii) Clinical study at the Joondalup Health Campus and broader Australian strategy

During July 2020, HMD announced final approvals, including ethics committee approval to commence a clinical study at the Joondalup Health Campus in Western Australia.

The study is focused on evaluating the usability, acceptability, accuracy and reliability of remote pregnancy monitoring using HeraBEAT plus and strongly supports HMD's strategy to build relationships and work with key opinion leaders in the healthcare industry.

Furthermore, HeraMED has entered into a cooperation agreement with Freeman Road Pty Ltd to expand its Australian footprint and arrange and lead clinical studies to promote HMD's telehealth offering, HeraBEAT and HeraCARE in the health sector.

Freeman Road, in cooperation with PHI (Partnering in Health Innovations) is a well-connected healthcare advisory group, founded by prominent Physician and Researcher Associate Professor, Dr. Paul Porter. The group has an extensive network of global consultants with diverse expertise and collaborating across several locations, including Perth, Queensland, Singapore, Boston, Oxford, Helsinki, and Israel.

HMD and Freeman Road will design and manage comprehensive pilots and clinical studies to evaluate the clinical effectiveness and acceptability of remote pregnancy monitoring using the medical-grade HeraBEAT foetal and Maternal heart rate device.

(iii) Fundraising under a Share Purchase Plan (SPP)

During August 2020, the Company completed successfully raised \$1.13m (A\$1.583m) via a Share Purchase Plan. The SPP was approved by shareholders at the Annual General Meeting held on 14 July 2020.

COVID-19

The impact of the coronavirus pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly evolving and is dependent on measures imposed by the different Governments, such as maintaining social distancing requirements, quarantine, travel restrictions, ability to deliver goods, possible recession in certain countries and more.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected the operations of the Group or the results of those operations.