AHAlife Holdings Limited

ABN 15 006 908 701

Annual Report - 30 June 2020

Contents

Dear shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present the 2020 Annual Report.

A year of rebuilding

Following the acquisition of Design Milk in late FY 2019, our FY 2020 began with the difficult decision to completely rebuild the AHL platform and operating structure. We focused on maximizing the potential of Design Milk's large, engaged community of now 9 million followers.

Our previous operating model was unsustainable in the new e-commerce landscape. The system and economics struggled with changing vendor and customer requirements, motivating us to walk away from unprofitable sales and expensive customer acquisition activities.

We have completed our operational restructure and successfully diversified and broadened our revenue channels through e-commerce, advertising and media sales, and affiliate publishing revenue. We have made further cost savings and recently shifted the business from 'build' to 'grow' mode.

Consistent growth

In November 2019, we launched a new integrated Design Milk e-Commerce and Editorial website, rebranding several elements to create a single Design Milk brand, combining multiple categories, social media and email channels, and our advertising business. Bringing our 9 million aggregate followers, 21,000+ published articles, and our media and vendor network together under one roof.

As part of our reset goals we made significant cost savings when we moved the Ahalife and Kaufmann Mercantile websites off our proprietary system and renegotiated all our commercial agreements, providing a cleaner, more predictable view of growth.

Looking ahead

The Board and Management are very pleased with the depth and speed of changes Rob and the team implemented in FY2020. It is sad to see how COVID-19 has rocked every country, individual and industry. We have adapted and remained agile. As an online e-commerce business with a respected market position, very large audience, diversified revenue streams, and multiple product categories, we are in a strong position to continue growing. We are very excited about this potential of the business.

Lastly, further supporting our belief that Design Milk has a very positive future and reflecting the energy and focus we have toward building the brand, we will propose the renaming of AHL to the Design Milk Co. later this year. More information on this will be shared during our AGM.

I would like to thank you for your continued support and thank our Board, Rob, the management team, and the staff who work tirelessly to continue to build our business and capitalize on this fantastic market opportunity.

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Mike Hill
Chairman

28 August 2020

Dear shareholders,

FY 2020 was our reset year. We looked at every element of the business and the external trading environment, deciding a full rebuild was the best, most efficient way to create a significantly stronger, sustainable business with a visible path to profitability.

2020 Summary

\\\ Shuttered the old, inefficient platforms. Created three new e-commerce websites
\\\ Positioned each website to connect with a different demographic, maximizing potential sales and marketing opportunities
\\\ Significantly reduced our operating costs and CAC, materially improved our EBITDA, and established a path to profitability
\\\ Restructured the team and moved the business to a fully remote operation
\\\ Grew our audience to over 9 million (8.5 million social media, and 500k email subscribers)
\\\ Increased our website traffic, pageviews, e-commerce sales, conversion rates and vendor base across all three websites
\\\ Rebuilt our entire vendor and product catalogue, and reset our SEO, affiliate, email and digital marketing systems
\\\ Remained agile. Created new media and advertising sales opportunities with the launch of Design Milk TV, and new media packages post-COVID-19

Since relaunching all three websites in November/December 2019, we have seen consistent growth month over month. We have grown our vendor base from less than 40 brands in December to over 350 today (target max. 900). As we expanded our portfolio of brands, categories and products, combined with more coordinated editorial and shop content, we have grown our conversion rates and revenue.

Our advertising and media revenue was impacted by COVID-19, although not as much as we initially expected. Our quick creative response through the launch of DMTV, digital 'Pop-Up' Milk Stand events, and repackaged media offers enabled us to maintain our core ad-revenue.

Positively, new bookings are coming through. With our community of 9 million subscribers, young audience demographic, and online focus, we are well positioned and confident about ad-revenue in the future.

Customer acquisition and conversion

A measure of our future potential is our Customer Acquisition Cost ('CAC'). In 2018/19 our CAC was high and unsustainable, at points hitting US $80 when all promotion costs were considered.

Our 2020 sales growth and conversion metrics are entirely organic. We have not spent money on advertising. Instead we have focused on building our product portfolio and the relationship between editorial content and those products. If we share engaging, authentic content with our community, do they appreciate our product choices and purchase? The answer is yes.

As we increase our product assortment and selectively link our community with our e-commerce shops, the conversion rates of all three websites have grown. Since launching, e-commerce conversion is up an average of +139% across all three websites on a quarterly basis.

Simultaneously, as we navigate these new ways to engage with our audience, our CAC has dropped significantly, including all promotions we average approx. US $17 CAC, sometimes this drops as low as US $0.10c via a specific channel, message or product.

We are still low vs. industry standard conversion rates, putting us in a strong go-forward growth position as we add more vendors and begin to invest in targeted marketing and PR activities.

Efficiencies and savings

FY 2020 Operating costs have reduced -36% vs. 2019 to a predictable and controlled level.

Resetting our business resulted in significant process and cost benefits, whilst maintaining our core values and partnerships. Migrating away from our old system saved both money and time, and it allowed us to consolidate resources and focus on key areas of the business.

Reducing costs forced us to prioritize projects, ensuring we choose which initiatives we invest in. Positively, once we complete the final updates, we have several very cool projects planned for Q2 and Q3 2021. The decision to rebuild was a painful one but now we've gone through the process, and I am excited about the future growth opportunities we have in front of us.

I would like to thank the Board for their continued support and give special thanks to the management and entire AHL team, without their effort and personal sacrifices FY 2020 would have been considerably harder to navigate.

Robert Mancini
Chief Executive Officer

28 August 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of AHAlife Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of AHAlife Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mike Hill - Chairman
Michael Everett
Christopher Colfer
Arnaud Massenet

Principal activity

During the financial year the principal continuing activity of the consolidated entity was the sale of premium lifestyle and design products through multiple e-commerce platforms.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to US$1,958,206 (30 June 2019: US$2,643,241).

Refer to Chairman and Chief Executive Officer's report for further commentary on the review of operations.

Going concern

Based on recent capital raising as detailed below, the consolidated financial statements have been prepared on a going concern basis. This assumes that the consolidated entity will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business, for a period of at least 12 months from the date that these financial statements are approved. The attached financial statements detail the performance and financial position of the consolidated entity for the year ended 30 June 2020.

Significant changes in the state of affairs

During the year, AHAlife Holdings Limited successfully completed capital raising of US$1,626,305 (before related costs) resulting in the issue of 481,790,321 ordinary shares. Refer note 19 for further details.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the United States government, local authorities and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Likely developments in the operations of the consolidated entity and the expected results of those operations are contained in the Chairman's report.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Mike Hill
Title:	Non-Executive Chairman
Qualifications:	Member of the Chartered Accountants Australia and New Zealand
Experience and expertise:	Mike has more than 20 years' experience working on corporate and private equity transactions in Australia and the United Kingdom. He is a former partner at Ernst & Young in their Mergers and Acquisition team and in 2003 joined Ironbridge Capital, a leading Sydney based private equity firm with US$1.2 billion of funds under management. Mike has worked as a senior member of the investment team at Ironbridge Capital for more than 10 years covering deal assessment, investment management and exit planning across a number of its portfolio companies. Mike has experience across numerous industries where he has served on company boards involved in the technology, retail, healthcare, media, waste services, tourism, hospitality and manufacturing sectors. His involvement with companies in these industries has been to work closely with founders and executive management teams to execute strategic growth objectives
Other current directorships:	Janison Education Limited (ASX:JAN) (Non-executive chairman) - appointed on 7 July 2014; and Pacific Knowledge Systems Limited (ASX:PKS) (Non-executive chairman) - appointed on 26 June 2018.
Former directorships (last 3 years):	Rhipe Limited (ASX:RHP) (Non-executive chairman, resigned 26 March 2019); LiveTiles Limited (ASX:LVT) (Non-executive director, resigned on 5 September 2017); JustKapital Limited (ASX:JKL) (Non-executive director, resigned on 27 November 2017); and Acrow Formwork and Construction Limited (ASX:ACF) (Non-executive director, resigned on 19 September 2019.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	36,734,687 ordinary shares
Interests in options:	10,269,999 options over ordinary shares
Interests in rights:	None

Name:	Michael Everett
Title:	Non-Executive Director
Experience and expertise:	Michael has more than 25 years of capital markets and advisory experience. Michael retired from Goldman Sachs in 2013 after 11 years where he was Managing Director and co-head of the Financing Group within the Investment Banking Division in Australia. Prior to joining Goldman Sachs, he worked internationally for a large investment bank and has broad experience across the securities industry. During his career, he has advised a broad range of companies in a variety of industries. In late 2013, he established an independent capital markets advisory firm, Reunion Capital Partners.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	47,458,900 ordinary shares
Interests in options:	10,307,499 options over ordinary shares
Interests in rights:	None

Name:	Christopher Colfer
Title:	Non-Executive Director
Experience and expertise:	Christopher is an international Chairman, Chief Executive and Board Director with an exemplary track record in multiple industry sectors including luxury goods, branded goods, Digital Transformation and e-commerce. He is highly skilled in strategy, e-commerce, business development, retail and marketing. He was the longest serving Non-Executive Board Member of online luxury fashion retailer The Net-A-Porter Group Limited, where he oversaw the initial investment by Richemont, and subsequently led the full acquisition. Christopher currently serves on the Board of Woolworths Holdings in South Africa along with other directorships in verticals such as Fashion, Cosmetics, Skincare and Technology. Christopher was appointed as an Interim Chief Executive Office ('CEO') from 23 March 2018 until the appointment of new CEO Robert Mancini on 30 July 2018. Christopher sits on the board of personalised fashion marketplace LYST, Nude by Nature and Huntsman & Sons. He is a former director of Crumpler Proprietary Limited.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	63,142,857 ordinary shares
Interests in options:	10,094,999 options over ordinary shares
Interests in rights:	None

Name:	Arnaud Massenet
Title:	Non-Executive Director
Qualifications:	CPA and an MBA from UNCC (North Carolina)
Experience and expertise:	Arnaud is a board member and the CEO of de-pury.com, an online art platform which he started 2 years ago with Simon and Michaela de Pury, Arnaud is the former CEO and founding partner of Luma, a leading alternative managed account platform in Europe, which was established with Gottex Asset Management Group in 2010. Arnaud is also a founding partner of the leading online fashion destination, The Net-A-Porter Group Limited, and was an active board member for over 10 years. Arnaud has also worked for over 13 years in investment banking, with leading firms such as Morgan Stanley and Lehman Brothers. Arnaud is the Chairman of GRIP.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	158,846,155 ordinary shares
Interests in options:	10,094,999 options over ordinary shares
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Sapir Elias is completing a Bachelor of Property Valuation at TAFE NSW. She was appointed as company secretary with effect from 4 June 2020. Sapir previously served in the Israeli Defence Force from 2012 to 2014. Sapir worked in property management dealing with contractual leasing in Sydney for 2 years ending March 2020. Sapir currently serves as company secretary for BrandUp Limited and Zenaq Holdings Limited.

The previous company secretary was Andrew Whitten (appointed on 17 January 2014 and resigned on 4 June 2020).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mike Hill	8	10	2	2
Michael Everett	10	10	2	2
Christopher Colfer	8	10	-	-
Arnaud Massenet	8	10	-	-

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

As prescribed by the Listing Rules of the ASX, the aggregate remuneration of non-executive directors is determined from time to time by shareholders at general meeting. Non-executive directors' fees (including statutory superannuation) are determined within an aggregate directors' fee pool limit. The pool currently stands at a maximum of $500,000 per annum in total, which was approved by shareholders on 10 March 2014.

The Board resolved that no short-term remuneration was payable to the directors for the years ended 30 June 2020 and 30 June 2019. On 27 November 2019, the shareholders approved a grant of 10,094,999 share options to each of the four non-executive directors. Refer to section 'share-based compensation' for details of vesting and other conditions.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay and non-monetary benefits;
- share-based payments; and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

No short-term incentive ('STI') plan was in place during the financial year ended 30 June 2020 and 30 June 2019.

The long-term incentives ('LTI') include share-based payments. During the previous year 16,908,954 options and performance rights valued at US$220,000 were issued to KMP as part of executive remuneration. Refer to 'share-based compensation' section below for vesting conditions and other particulars relating to LTI.

Consolidated entity performance and link to remuneration
LTI comprising of share-based payments are directly linked to the performance of the consolidated entity. Share based payments include executive options and performance options. LTI have various vesting conditions including: a continuous period of service with the consolidated entity; volume weighted average share price; consolidated entity revenue targets; and/or cash flow targets. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the current year.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2020, the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')
At the 2019 AGM, shareholders voted to approve the adoption of the remuneration report of the company for the year ended 30 June 2019. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
The KMP of the consolidated entity consisted of the following directors of AHAlife Holdings Limited:
- Mike Hill - Non-Executive Chairman
- Christopher Colfer - Non-Executive Director
- Michael Everett - Non-Executive Director
- Arnaud Massenet - Non-Executive Director

And the following person:
- Robert Mancini - Chief Executive Officer ('CEO') from 30 July 2018

Amounts of remuneration:
Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments Equity settled	
2020	Salary and fees US$	Cash bonus US$	Non-monetary US$	Super-annuation US$	Long service leave US$	Termination benefits US$	options/ rights US$	Total US$
Non-Executive Directors:								
Mike Hill - Chairman	-	-	-	-	-	-	11,346	11,346
Michael Everett	-	-	-	-	-	-	11,346	11,346
Christopher Colfer	-	-	-	-	-	-	11,346	11,346
Arnaud Massenet	-	-	-	-	-	-	11,346	11,346
Other KMP:								
Robert Mancini	169,472	-	6,361	-	-	-	118,604	294,437
	169,472	-	6,361	-	-	-	163,988	339,821

30 June 2019: The Board resolved that no remuneration was payable to the directors for the year ended 30 June 2019. There were no share-based payments attributable to directors for the year ended 30 June 2019. Remuneration to other KMP is provided below:

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments Equity settled	
2019	Salary and fees US$	Cash bonus US$	Non-monetary US$	Super-annuation US$	Long service leave US$	Termination benefits US$	options/ rights US$	Total US$
Other KMP:								
Robert Mancini*	55,417	-	2,126	-	-	-	182,481	240,024
Stuart Halls**	85,030	-	-	7,588	-	-	(12,092)	80,526
	140,447	-	2,126	7,588	-	-	170,389	320,550

* KMP of the consolidated entity from 30 July 2018.
** KMP of the consolidated entity from 1 July 2017 to 7 November 2018.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2020	Fixed remuneration 2019	At risk - LTI 2020	At risk - LTI 2019
Non-Executive Directors:				
Mike Hill	-	-	100%	-
Michael Everett	-	-	100%	-
Christopher Colfer	-	-	100%	-
Arnaud Massenet	-	-	100%	-
Other KMP:				
Robert Mancini	60%	24%	40%	76%
Stuart Halls	-	100%	-	-

Service agreements

The employment agreements contain substantially the same terms which include usual statutory entitlements, typical confidentiality and intellectual property provisions intended to protect the consolidated entity's intellectual property rights and other proprietary information and non-compete clauses.

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Mike Hill
Title:	Non-Executive Chairman
Agreement commenced:	1 August 2015
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice period. Termination by the consolidated entity without reason, 3 months' written notice period. Termination by the director with or without reason, 3 months’ written notice period.

Name:	Christopher Colfer
Title:	Non-Executive Director
Agreement commenced:	23 March 2016
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice period. Termination by the director at the request of the consolidated entity, 3 months' written notice period. Termination by the director at his own election, immediately with no notice.

Name:	Michael Everett
Title:	Non-Executive Director
Agreement commenced:	1 August 2015
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice period. Termination by the consolidated entity without reason, 3 months' written notice period. Termination by the director with or without reason, 3 months’ written notice period.

Name:	Arnaud Massenet
Title:	Non-Executive Director
Agreement commenced:	1 October 2017
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice period. Termination by the consolidated entity without reason, 3 months' written notice period. Termination by the director with or without reason, 3 months’ written notice period.

Name:	Robert Mancini
Title:	Chief Executive Officer ('CEO')
Agreement commenced:	30 July 2018
Term of agreement:	Ongoing
Details:	Termination by consolidated entity for any reason, 4 months' written notice. Termination by the director for any reason, 4 months' written notice. Termination by the consolidated entity with reason, immediately with no notice.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2020.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Expiry date	Particulars	Exercise price	Fair value per option at grant date
27/11/2019	27/11/2024	40,379,996 options: Each of the four directors were issued 10,094,999 options. Options vest following the end of July 2020 when US$ 6 million revenue is achieved (30% vest); following the end of July 2021 when US$ 11 million revenue is achieved (30% vest); following the end of July 2022 when US$ 16 million revenue is achieved (30% vest); and once the consolidated entity achieves break-even EBITDA within a rolling 12 month period (10% vest).	A$0.013	A$0.0067
30/07/2018	30/07/2025	Robert Mancini: 16,908,954 options which vest when the consolidated entity's Booked Sales in a rolling 12 month period exceeds US$10 million (30% vest), US$15 million (30% vest), US$20million (30% vest); and once the consolidated entity achieves break-even EBITDA within a rolling 12 month period (10% vest).	30-day volume weighted share price following each month's vesting	A$0.0140

The number of options over ordinary shares granted to and vested in directors and other KMP as part of compensation during the year ended 30 June 2020 are set out below:

Name	Number of options granted during the year 2020	Number of options granted during the year 2019	Number of options vested during the year 2020	Number of options vested during the year 2019
Mike Hill	10,094,999	-	-	-
Michael Everett	10,094,999	-	-	-
Christopher Colfer	10,094,999	-	-	-
Arnaud Massenet	10,094,999	-	-	-
Robert Mancini	-	16,908,954	-	-

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

Grant date	Expiry date	Particulars	Share price hurdle for vesting	Fair value per right at grant date
30/07/2018	N/A	Robert Mancini: Performance rights valued at US$220,000 to be issued on the first anniversary of employment. 1/12 of the value of performance rights vest at the end of every month for the 12 month period beginning August 2018. The number of shares to be issued will be based on AHAlife Holdings Limited share price on vesting dates.	N/A	A$0.011

The number of performance rights over ordinary shares granted to and vested in directors and other KMP as part of compensation during the year ended 30 June 2020 are set out below:

Name	Number of rights granted during the year 2020	Number of rights granted during the year 2019	Number of rights vested during the year 2020	Number of rights vested during the year 2019
Robert Mancini*	-	-	2,589,758	28,487,347

* Performance rights valued at US$220,000 were granted in 2019. 1/12 of the value of performance rights vest at the end of every month for the 12 month period beginning August 2018. The number of shares to be issued will be based on AHAlife Holdings Limited share price on vesting dates.

Additional information
The earnings of the consolidated entity since listing are summarised below:

	2020 US$	2019 US$	2018 US$	2017 US$
Sales revenue	1,362,402	3,222,433	4,904,034	5,043,208
Loss after income tax	(1,958,206)	(2,643,241)	(2,691,460)	(2,950,077)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017
Share price at financial year end (A$) (cents per share)	0.70	0.70	1.50	1.90
Basic earnings per share (cents per share)	(0.18)	(0.38)	(0.52)	(1.83)

Additional disclosures relating to KMP

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Vesting of options/ rights	Additions	Other	Balance at the end of the year
Ordinary shares					
Mike Hill	10,176,100	-	26,558,587	-	36,734,687
Michael Everett	16,744,615	-	30,714,285	-	47,458,900
Christopher Colfer	50,000,000	-	13,142,857	-	63,142,857
Arnaud Massenet	53,846,153	-	105,000,002	-	158,846,155
Robert Mancini	6,281,666	-	4,432,619	-	10,714,285
	137,048,534	-	179,848,350	-	316,896,884

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other	Balance at the end of the year
Options over ordinary shares					
Mike Hill	175,000	10,094,999	-	-	10,269,999
Michael Everett	212,500	10,094,999	-	-	10,307,499
Christopher Colfer	-	10,094,999	-	-	10,094,999
Arnaud Massenet	-	10,094,999	-	-	10,094,999
Robert Mancini	16,908,954	-	-	-	16,908,954
	17,296,454	40,379,996	-	-	57,676,450

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Mike Hill	175,000	-	175,000
Michael Everett	212,500	-	212,500
	387,500	-	387,500

Performance rights

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested*	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Robert Mancini*	28,487,347	-	2,589,758	-	31,077,105
	28,487,347	-	2,589,758	-	31,077,105

* Performance rights valued at US$220,000 were granted in 2019. 1/12 of the value of performance rights vest at the end of every month for the 12 month period beginning August 2018. The number of shares to be issued is based on AHAlife Holdings Limited's share price on vesting dates. As a result of vesting, 31,077,105 rights are exercisable/issuable to Robert Mancini as at 30 June 2020.

This concludes the remuneration report, which has been audited.

Shares under option

There were 58,841,629 unissued ordinary shares of AHAlife Holdings Limited under option outstanding at the date of this report. These options are exercisable at a weighted average exercise price of US$0.009 per share.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights

Performance rights valued at US$ 853,334 will be issued in the future on satisfaction of vesting conditions. The number of shares to be issued will be based on AHAlife Holdings Limited share price on vesting date. In addition, 26,538,339 performance rights have vested and exercisable as at the date of this report.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of AHAlife Holdings Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of AHAlife Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during the financial year and up to the date of this report.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Ernst & Young

There are no officers of the company who have been audit partners of Ernst & Young for the past three years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mike Hill
Chairman

28 August 2020
Sydney

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Building a better working world

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Auditor's Independence Declaration to the Directors of AHAlife Holdings Limited

As lead auditor for the audit of AHAlife Holdings Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AHAlife Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Julian M. O'Brien
Partner
Sydney
28 August 2020

AHAlife Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 US$	Consolidated 2019 US$
Revenue			
Sale of goods		758,944	3,000,578
Advertising revenue		603,458	221,855
Total sales revenue	5	1,362,402	3,222,433
Cost of goods sold		(484,331)	(1,746,900)
Gross margin		878,071	1,475,533
Other income	6	8,942	352,260
Interest revenue calculated using the effective interest method		2,721	81
Expenses			
Employee benefit expenses	7	(1,810,021)	(1,683,717)
Marketing expenses		(245,320)	(823,583)
Technology expenses		(207,007)	(353,292)
Freight and warehousing expenses		(96,367)	(401,881)
Occupancy and administrative expenses		(65,983)	(554,085)
Professional fees		(251,307)	(174,957)
Depreciation and amortisation expenses	7	(77,640)	(144,179)
Impairment of receivables		(47,836)	(77,039)
Other expenses		(34,537)	(249,635)
Finance costs	7	(11,922)	(8,747)
Loss before income tax expense		(1,958,206)	(2,643,241)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of AHAlife Holdings Limited		(1,958,206)	(2,643,241)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		193,443	(36,733)
Other comprehensive income for the year, net of tax		193,443	(36,733)
Total comprehensive income for the year attributable to the owners of AHAlife Holdings Limited		(1,764,763)	(2,679,974)
		Cents	**Cents**
Basic earnings per share	33	(0.18)	(0.38)
Diluted earnings per share	33	(0.18)	(0.38)

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

AHAlife Holdings Limited
Statement of financial position
As at 30 June 2020

	Note	Consolidated 2020 US$	2019 US$
Assets			
Current assets			
Cash and cash equivalents	9	837,566	796,265
Trade and other receivables	10	46,797	194,210
Inventories		12,338	68,186
Other assets	11	66,204	148,789
Total current assets		962,905	1,207,450
Non-current assets			
Property, plant and equipment	12	5,622	30,026
Intangibles	13	1,233,333	1,258,333
Other assets	11	-	57,140
Total non-current assets		1,238,955	1,345,499
Total assets		2,201,860	2,552,949
Liabilities			
Current liabilities			
Trade and other payables	15	231,916	951,805
Borrowings	16	95,443	-
Contract liabilities		96,067	37,617
Other liabilities	18	5,473	84,877
Total current liabilities		428,899	1,074,299
Non-current liabilities			
Borrowings	16	114,715	-
Lease make-good provision	17	-	68,000
Other liabilities	18	-	57,000
Total non-current liabilities		114,715	125,000
Total liabilities		543,614	1,199,299
Net assets		1,658,246	1,353,650
Equity			
Contributed equity	19	54,893,691	53,296,618
Reserves	20	1,661,861	1,105,646
Accumulated losses		(54,897,306)	(53,048,614)
Total equity		1,658,246	1,353,650

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

AHAlife Holdings Limited
Statement of changes in equity
For the year ended 30 June 2020

Consolidated	Contributed equity US$	Reserves US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2018	52,499,915	649,173	(50,405,373)	2,743,715
Loss after income tax expense for the year	-	-	(2,643,241)	(2,643,241)
Other comprehensive income for the year, net of tax	-	(36,733)	-	(36,733)
Total comprehensive income for the year	-	(36,733)	(2,643,241)	(2,679,974)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	796,703	-	-	796,703
Share-based payments (note 35)	-	226,540	-	226,540
Shares/options issued on acquisition of business (note 31)	-	266,666	-	266,666
Balance at 30 June 2019	53,296,618	1,105,646	(53,048,614)	1,353,650

Consolidated	Contributed equity US$	Reserves US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2019	53,296,618	1,105,646	(53,048,614)	1,353,650
Adjustment for change in accounting policy	-	-	109,514	109,514
Balance at 1 July 2019 - restated	53,296,618	1,105,646	(52,939,100)	1,463,164
Loss after income tax expense for the year	-	-	(1,958,206)	(1,958,206)
Other comprehensive income for the year, net of tax	-	193,443	-	193,443
Total comprehensive income for the year	-	193,443	(1,958,206)	(1,764,763)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	1,597,073	-	-	1,597,073
Share-based payments (note 35)	-	362,772	-	362,772
Balance at 30 June 2020	54,893,691	1,661,861	(54,897,306)	1,658,246

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

AHAlife Holdings Limited
Statement of cash flows
For the year ended 30 June 2020

	Note	Consolidated 2020 US$	Consolidated 2019 US$
Cash flows from operating activities			
Receipts from customers		1,568,265	3,065,982
Payments to suppliers and employees		(2,831,157)	(6,025,890)
Interest received		2,721	81
Receipts from other income		-	234,669
Interest and other finance costs paid		(11,922)	(8,747)
Net cash used in operating activities	34	(1,272,093)	(2,733,905)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	31	(500,000)	(500,000)
Payments for property, plant and equipment	12	(1,016)	(4,416)
Proceeds from release of security deposits		-	650
Net cash used in investing activities		(501,016)	(503,766)
Cash flows from financing activities			
Proceeds from issue of shares	19	1,626,305	841,875
Share issue transaction costs	19	(29,232)	(45,172)
Proceeds from sub-lease receivables		176,666	-
Paycheck protection programme loan	34	219,100	-
Repayment of lease liabilities	34	(178,429)	-
Net cash from financing activities		1,814,410	796,703
Net increase/(decrease) in cash and cash equivalents		41,301	(2,440,968)
Cash and cash equivalents at the beginning of the financial year		796,265	3,237,233
Cash and cash equivalents at the end of the financial year	9	837,566	796,265

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

Note 1. General information

The financial statements cover AHAlife Holdings Limited (referred to as the 'company' or 'parent') as a consolidated entity consisting of AHAlife Holdings Limited and the entities it controlled at the end of, or during, the year (referred to as the 'consolidated entity'). The financial statements are presented in United States dollars, which is AHAlife Holdings Limited's presentation currency. The functional currency of AHAlife Holdings Inc. is United States dollars and AHAlife Holdings Limited is Australian dollars. AHAlife Holdings Inc is a 100% controlled subsidiary and the main operating entity of the consolidated entity.

AHAlife Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 5, 126 Phillip Street Sydney, NSW 2000 Australia	1209 Hill Rd N Ste 256 Pickerington, OH 43147 United States of America

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2020. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The following Accounting Standards and Interpretations adopted during the year are most relevant to the consolidated entity:

Interpretation 23 Uncertainty over Income Tax

The consolidated entity has adopted Interpretation 23 from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 'Income Taxes' in circumstances where uncertain tax treatments exists. The interpretation requires: the consolidated entity to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the consolidated entity to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the consolidated entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Interpretation 23 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact of adoption on the opening accumulated losses as at 1 July 2019. Based on management's assessment, there are no uncertain tax positions open as at 30 June 2020.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019 US$
Operating lease commitments as at 1 July 2019 (AASB 117)	416,793
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	(10,915)
Lease benefit straight line lease adjustment under the previous accounting standards	(39,081)
Adjustments on account of sub-lease	109,514
Operating lease receivable as at 1 July 2019 (AASB 117)	(453,535)
Operating lease receivable discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	11,870
Right-of-use assets recognised under AASB 16	34,646
Lease liabilities recognised - current	(326,682)
Lease liabilities recognised - non-current	(79,196)
Lease receivable on sub-lease recognised	441,665
De-recognition of lease benefit straight line lease adjustment under the previous accounting standards	39,081
Change in opening accumulated losses as at 1 July 2019	109,514

Practical expedients
When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

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

During the year ended 30 June 2020, the consolidated entity incurred a net loss after tax of $1,958,206 and net cash outflows used in operating activities of $1,272,093. As at 30 June 2020, the consolidated entity had cash and cash equivalents of $837,566, net assets of $1,658,246 and net current assets of $534,006.

The directors have reviewed a detailed cash budget showing the need for continued improvements in the operating performance of the business in order to generate positive operating cash flows. This creates a material uncertainty that may cast doubt as to whether the consolidated entity will continue as a going concern and, therefore, whether it will settle its liabilities and commitments in the normal course of business.

Note 2. Significant accounting policies (continued)

The directors have considered the funding and operational status of the business in arriving at their assessment that the going concern basis of preparation is appropriate. In particular, the directors have considered:
- the ability to further vary cash outflows depending upon achievement of increased revenue; and
- the ability of the consolidated entity to obtain funding, if required.

Should the consolidated entity not achieve the matters set out above, there is material uncertainty whether the consolidated entity would continue as going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention with the exception of financial instruments that are measured at fair value on initial recognition.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AHAlife Holdings Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 2. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in United States dollars, which is AHAlife Holdings Limited's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-US functional currency operations
The assets and liabilities of non-US functional currency operations are translated into United States dollars using the exchange rates at the reporting date. The revenues and expenses of non-US functional currency operations are translated into United States dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the year. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer at the point when the customer has placed an order on the website and has received a confirmation of their order including details on the delivery of their goods or services; identifies the performance obligations in the contract; determines the transaction price which takes into account the advertised selling price of each good or service contained within the customer's order and any estimates of variable consideration such as promotional discounts the redemption of store credit or gift cards; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when the transfer of control of goods or services takes place which is generally when the goods have been delivered.

Variable consideration within the transaction price, reflects concessions provided to the customer such as promotional discounts, the right of the customer to return the goods or services, the redemption of store credit, or the redemption of gift cards. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Revenue from the sale of goods includes revenue earned from the shipment of goods to customers which is also recognised on delivery of goods.

Advertising revenue
Display advertising revenue is recognised over time as advertisements are displayed. Sponsored online content revenue is recognised at the point in time when published.

Rental income (comparative period)
Rental income is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue.

Note 2. Significant accounting policies (continued)

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grant
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. They are only recognised when there is reasonable assurance that the conditions attached to them are also satisfied.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets is reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories
Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Furniture and fixtures	7 years
Leasehold improvements	4 to 5 years
Machinery and equipment	5 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer lists
Customer lists acquired are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of two to three years.

Note 2. Significant accounting policies (continued)

Trade name and trademarks
Trade name and trademarks acquired in a business combination are not amortised on the basis that they have an indefinite life. This is reassessed every year. Instead, they are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Customer relationships
Customer relationships acquired are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of ten years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs are expensed to profit or loss in the period in which they are incurred using the effective interest rate method.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

Note 2. Significant accounting policies (continued)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of AHAlife Holdings Limited, 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 or share splits in ordinary shares issued during the financial year.

Diluted earnings per share
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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. The impact of Conceptual Framework on the consolidated entity's financial statements is currently under assessment.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions
The consolidated entity 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. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted and expected volatility. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on fair value less cost of disposal. Fair value less cost of disposal has been determined using recent arms' length transaction.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity's operating segments are based on the internal reports that are reviewed and used by the Board of Directors who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Note 4. Operating segments (continued)

The directors have determined that there is one operating segment identified and located in the United States of America. The information reported to the CODM is the consolidated results of the consolidated entity.

The operating segment information is the same information as provided throughout the financial statements and is therefore not duplicated.

The information reported to the CODM is on a monthly basis.

Major customers
During the year ended 30 June 2020, there were no external customers (2019: Nil) where revenue exceeded 10% of the consolidated revenue.

Note 5. Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2020 US$	2019 US$
Major product lines		
Sale of goods	758,944	3,000,578
Advertising revenue	603,458	221,855
	1,362,402	3,222,433
Timing of revenue recognition		
Goods transferred at a point in time	758,944	3,000,578
Services transferred at a point in time	217,138	178,126
Services transferred over time	386,320	43,729
	1,362,402	3,222,433

The revenue from contracts with customers is generated substantially all from the United States of America.

Note 6. Other income

	Consolidated	
	2020 US$	2019 US$
Rental income	-	352,260
Government grants (refer note 16)	8,942	-
Other income	8,942	352,260

Note 7. Expenses

	Consolidated 2020 US$	Consolidated 2019 US$
Loss before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	1,434	1,282
Leasehold improvements	20,295	104,897
Machinery and equipment	1,659	2,357
Computer equipment	2,032	12,666
Right-of-use assets	27,220	-
Total depreciation	52,640	121,202
Amortisation		
Customer list	-	14,644
Customer relationships	25,000	8,333
Total amortisation	25,000	22,977
Total depreciation and amortisation	77,640	144,179
Employee benefit expenses		
Salaries and wages	1,447,249	1,449,589
Defined contribution superannuation expense	-	7,588
Share-based payments expense	362,772	226,540
Total employee benefit expenses	1,810,021	1,683,717
Finance costs		
Interest and finance charges paid/payable on lease liabilities	2,715	-
Bank fees paid/payable	9,207	8,747
Finance costs expensed	11,922	8,747
Leases		
Lease payments	-	302,324
Write off of assets		
Inventories	42,222	1,600

Note 8. Income tax expense

	Consolidated 2020 US$	Consolidated 2019 US$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,958,206)	(2,643,241)
Tax at the statutory tax rate of 21%	(411,223)	(555,081)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	-	5,031
	(411,223)	(550,050)
Current year tax losses not recognised	411,223	550,050
Income tax expense	-	-

The statutory tax rate of 21% (2019: 21%) relates to the United States of America tax jurisdiction where the main operating entity AHAlife Holdings Inc is incorporated.

	Consolidated 2020 US$	Consolidated 2019 US$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	41,186,810	39,756,893
Potential tax benefit at statutory tax rates	8,649,230	8,348,948

The potential tax benefit for tax losses has not been recognised in the statement of financial position. The tax losses will begin to expire in 2030 unless previously utilised. Utilisation of the carry forward tax losses may be subject to a substantial annual limitation due to the ownership change limitations provided by the tax code, if a change in ownership occurs. Any annual limitation may result in the expiration of net operating losses before utilisation.

Sales Tax
Sales tax is a consumption tax imposed by state governments within the United States on the sale of goods and services. It is levied at the point of sale, collected by the retailer, and passed on to the relevant State government. In June 2018 the US Supreme Court ruled in favour of States requiring internet retailers to collect sales taxes based on the existence of an economic nexus rather a physical presence. The consolidated entity will act in accordance with individual State requirements to collect and remit sales tax based on the laws within each State where it is deemed an economic nexus exists and where it has met or exceeded local sales tax thresholds.

Note 9. Cash and cash equivalents

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Cash at bank and on hand	837,566	539,428
Cash - held-in-trust	-	256,837
	837,566	796,265

Note 10. Trade and other receivables

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Trade and other receivables	154,297	254,259
Less: Allowance for expected credit losses	(107,500)	(60,049)
	46,797	194,210

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2020 %	2019 %	2020 US$	2019 US$	2020 US$	2019 US$
Not overdue	-	-	29,091	134,161	-	-
0 to 3 months overdue	-	50.00%	14,950	120,098	-	60,049
Over 6 months overdue	97.50%	-	110,256	-	107,500	-
			154,297	254,259	107,500	60,049

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2020.

Note 11. Other assets

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Prepayments	32,753	120,544
GST receivable	33,451	28,245
	66,204	148,789
Non-current assets		
Security deposits	-	57,140
	66,204	205,929

Note 12. Property, plant and equipment

	Consolidated 2020 US$	Consolidated 2019 US$
Non-current assets		
Furniture and fixtures - at cost	6,991	6,991
Less: Accumulated depreciation	(5,028)	(3,594)
	1,963	3,397
Leasehold improvements - at cost	-	363,580
Less: Accumulated depreciation	-	(343,285)
	-	20,295
Machinery and equipment - at cost	26,263	25,247
Less: Accumulated depreciation	(24,650)	(22,991)
	1,613	2,256
Computer equipment - at cost	66,739	66,739
Less: Accumulated depreciation	(64,693)	(62,661)
	2,046	4,078
	5,622	30,026

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture and fixtures US$	Leasehold improvements US$	Machinery and equipment US$	Computer equipment US$	Total US$
Balance at 1 July 2018	3,084	125,192	4,613	13,923	146,812
Additions	1,595	-	-	2,821	4,416
Depreciation expense	(1,282)	(104,897)	(2,357)	(12,666)	(121,202)
Balance at 30 June 2019	3,397	20,295	2,256	4,078	30,026
Additions	-	-	1,016	-	1,016
Depreciation expense	(1,434)	(20,295)	(1,659)	(2,032)	(25,420)
Balance at 30 June 2020	1,963	-	1,613	2,046	5,622

Note 13. Intangibles

	Consolidated 2020 US$	Consolidated 2019 US$
Non-current assets		
Goodwill - at cost	286,666	286,666
Customer list - at cost	157,735	161,183
Less: Accumulated amortisation	(157,735)	(161,183)
	-	-
Trade name and trademarks - at cost	730,000	730,000
Customer relationships - at cost	250,000	250,000
Less: Accumulated amortisation	(33,333)	(8,333)
	216,667	241,667
	1,233,333	1,258,333

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill US$	Customer list US$	Trade name and trademarks US$	Customer relationships US$	Total US$
Balance at 1 July 2018	-	16,042	-	-	16,042
Additions through business combinations (note 31)	286,666	-	730,000	250,000	1,266,666
Exchange differences	-	(1,398)	-	-	(1,398)
Amortisation expense	-	(14,644)	-	(8,333)	(22,977)
Balance at 30 June 2019	286,666	-	730,000	241,667	1,258,333
Amortisation expense	-	-	-	(25,000)	(25,000)
Balance at 30 June 2020	286,666	-	730,000	216,667	1,233,333

The consolidated entity identifies a single cash-generating unit ('CGU') and, therefore, the recoverable amount of intangible assets has been determined at the consolidated entity level.

The consolidated entity is organised into one operating segment, being the premium lifestyle and design products through multiple e-commerce platforms. All the activities of the consolidated entity are interrelated, and each activity is dependent on the others. As such, the consolidated entity has only one cash generating unit and, therefore goodwill has been allocated to, and the impairment testing is performed at, the consolidated level. The recoverable amount of the cash generating unit has been assessed utilising a fair value less cost of disposal measurement which uses a market comparison approach based on the market capitalisation of the consolidated entity at balance sheet date.

For the financial year ended 30 June 2020, the recoverable amount of net assets for the CGU exceeded the carrying value and therefore, goodwill and indefinite life intangible assets are not considered to be impaired.

Sensitivity analysis:
Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the fair value less costs of disposal ('FVLCD') of goodwill and indefinite life intangible assets that would require the assets to be impaired.

Note 14. Right-of-use assets

The consolidated entity held leased office premises under an operating lease expiring in September 2020. However, on 5 June 2020, the lease was terminated by a mutual agreement with the lessor.

New York lease and sub-lease:
In addition to the above, as at 1 July 2019, the consolidated entity held a New York office lease that was subleased with similar terms as the original lease and which was recognised as a lease receivable. As at 1 July 2019, the sub-lease agreement was classified as a finance lease receivable. In December 2019, the New York lease agreement and the sub-lease agreement were terminated and lease receivable derecognised.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office premises US$
Balance at 1 July 2019	-
Additions	-
Adoption of AASB 16 on 1 July 2019	34,646
Disposals on termination	(7,426)
Depreciation expense	(27,220)
Balance at 30 June 2020	-

Note 15. Trade and other payables

	Consolidated 2020 US$	Consolidated 2019 US$
Current liabilities		
Trade payables	11,761	229,039
Accrued expenses	220,155	222,766
Deferred consideration on acquisition of business	-	500,000
	231,916	951,805

Refer to note 22 for further information on financial instruments.

Note 16. Borrowings

	Consolidated 2020 US$	Consolidated 2019 US$
Current liabilities		
Paycheck protection programme loan	95,443	-
Non-current liabilities		
Paycheck protection programme loan	114,715	-
	210,158	-

Refer to note 22 for further information on financial instruments.

Note 16. Borrowings (continued)

Paycheck protection programme loan:
During the year, the consolidated entity received a U.S. Small Business Administration ('SBA') loan from Comerica Bank amounting to $219,158 and represents financial assistance as a result of the COVID-19 pandemic. The consolidated entity expects to receive 100% forgiveness of the loan on approval of an application submitted. As at 30 June 2020, the SBA had not processed the application. The SBA may provide either a full or partial waiver of the loan. The loan will mature in 2 years from issue date and bears interest of 1% per annum. Monthly repayment of interest and capital commences from 1 November 2020 until maturity

Note 17. Lease make-good provision

	Consolidated 2020 US$	Consolidated 2019 US$
Non-current liabilities		
Lease make good	-	68,000

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2020	Lease make good US$
Carrying amount at the start of the year	68,000
Amounts used	(9,431)
Unused amounts reversed	(58,569)
Carrying amount at the end of the year	-

Note 18. Other liabilities

	Consolidated 2020 US$	Consolidated 2019 US$
Current liabilities		
Sales tax payable	5,473	45,796
Deferred rent	-	39,081
	5,473	84,877
Non-current liabilities		
Rental security deposit	-	57,000
	5,473	141,877

Note 19. Contributed equity

	Consolidated			
	2020 Shares	2019 Shares	2020 US$	2019 US$
Ordinary shares - fully paid	1,329,988,534	848,198,213	54,893,691	53,296,618

Movements in ordinary share capital

Details	Date	Shares	US$
Balance	1 July 2018	677,360,673	52,499,915
Reversal of share-based payment	1 July 2018	(1,000,000)	-
Shares issued on capital raising	5 June 2019	123,706,845	606,164
Shares issued on capital raising	7 June 2019	18,844,983	91,945
Shares issued under share purchase plan	28 June 2019	29,285,712	143,766
Share issue transaction costs, net of tax		-	(45,172)
Balance	30 June 2019	848,198,213	53,296,618
Shares issued on capital raising	19 July 2019	152,440,065	753,892
Shares issued on capital raising	24 July 2019	8,861,677	43,329
Shares issued on capital raising	3 March 2020	200,000,000	457,075
Shares issued on capital raising	31 March 2020	120,488,579	372,009
Share issue transaction costs, net of tax		-	(29,232)
Balance	30 June 2020	1,329,988,534	54,893,691

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There was no buyback of shares during the current year.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Note 20. Reserves

	Consolidated 2020 US$	Consolidated 2019 US$
Foreign currency reserve	137,633	(55,810)
Share-based payments reserve	1,257,562	894,790
Share acquisition reserve	266,666	266,666
	1,661,861	1,105,646

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of non-US functional currency operations to United States dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Share acquisition reserve
The reserve is used to recognise equity benefits provided to the vendors on acquisition of subsidiaries. This includes fair value of shares and options which are expected to be converted into issued capital in the future. As at 30 June 2020, 26,538,339 performance rights have vested and exercisable.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve US$	Share-based payments reserve US$	Share acquisition reserve US$	Total US$
Balance at 1 July 2018	(19,077)	668,250	-	649,173
Foreign currency translation	(36,733)	-	-	(36,733)
Share-based payments	-	226,540	-	226,540
Shares to be issued on acquisition of subsidiaries (note 31)	-	-	266,666	266,666
Balance at 30 June 2019	(55,810)	894,790	266,666	1,105,646
Foreign currency translation	193,443	-	-	193,443
Share-based payments	-	362,772	-	362,772
Balance at 30 June 2020	137,633	1,257,562	266,666	1,661,861

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The consolidated entity is not exposed to any significant foreign currency risk.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2020.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2020	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives					
Non-interest bearing					
Trade payables	11,761	-	-	-	11,761
Interest-bearing - fixed rate					
Paycheck protection programme loan	99,048	122,893	-	-	221,941
Total non-derivatives	110,809	122,893	-	-	233,702

Consolidated - 2019	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives					
Non-interest bearing					
Trade payables	229,039	-	-	-	229,039
Deferred consideration	500,000	-	-	-	500,000
Security deposit payable	-	57,000	-	-	57,000
Total non-derivatives	729,039	57,000	-	-	786,039

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 23. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

	Consolidated 2020 US$	Consolidated 2019 US$
Audit services - Ernst & Young Australia		
Audit or review of the financial statements	127,863	136,200

The fee above relate to auditing the statutory financial report of the parent company covering the consolidated entity and auditing the statutory financial reports of any controlled entities.

Note 25. Commitments - operating lease receivable

	Consolidated	
	2020	2019
	US$	US$
Committed at the reporting date, receivable:		
Within one year	-	362,828
One to five years	-	90,707
	-	453,535

Future minimum lease receivable relates to sublease payments expected for office premises under non-cancellable operating leases to 30 September 2020. These leases were terminated during the year.

Note 26. Contingent assets and liabilities

There were no contingent assets or contingent liabilities which would have a material effect on the consolidated entity's financial statements as at 30 June 2020 (2019: US$ nil).

Note 27. Commitments

	Consolidated	
	2020	2019
	US$	US$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	334,801
One to five years	-	81,991
	-	416,792

At 30 June 2020, operating lease commitments are disclosed as $nil due to the adoption of AASB 16 'leases'. Refer note 2 for further details. The comparative information relates to AASB 117.

Note 28. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	2019
	US$	US$
Short-term employee benefits	175,833	142,573
Post-employment benefits	-	7,588
Share-based payments	163,988	170,389
	339,821	320,550

Note 29. Related party transactions

Parent entity
AHAlife Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

Note 29. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2020 US$	2019 US$
Payment for goods and services:		
Payment for consultancy services to Bombora Group Pty Limited a director related entity of Mike Hill	-	4,724
Other transactions:		
Reimbursement of expenses from Bombora Group Pty Limited	-	14,385

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 US$	2019 US$
Loss after income tax	(680,227)	(3,556,328)
Total comprehensive income	(680,227)	(3,556,328)

Note 30. Parent entity information (continued)

Statement of financial position

	Parent 2020 US$	Parent 2019 US$
Total current assets	649,871	476,053
Total assets	4,895,151	4,210,006
Total current liabilities	116,283	46,116
Total liabilities	116,283	46,116
Equity		
Contributed equity	26,034,311	24,437,238
Other reserves	(179,789)	122,079
Accumulated losses	(21,075,654)	(20,395,427)
Total equity	4,778,868	4,163,890

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Business combinations

Design Milk Holdings, LLC (comparative period)
On 28 February 2019, the consolidated entity acquired the assets of Design Milk Holdings, LLC ('Design-milk') for the total consideration transferred of $1,266,666. Design-milk is a globally recognised design and lifestyle-focused website sharing the latest news in art, architecture, interior design, furniture, fashion and technology to a highly engaged audience. The goodwill of $286,666 represents profitability of the acquired business and the synergistic opportunities it offers and intangible assets that do not qualify for separate recognition.

The acquired business contributed revenues of US$232,263 and profit after tax of US$7,067 to the consolidated entity for the period from 28 February 2019 to 30 June 2019. The values identified in relation to the acquisition are final and no adjustments were made to comparative period figures.

Note 31. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value US$
Trade name and trademarks	730,000
Customer relationships	250,000
Net assets acquired	980,000
Goodwill	286,666
Acquisition-date fair value of the total consideration transferred	1,266,666
Representing:	
Cash paid or payable to vendor	500,000
Deferred consideration	500,000
Share option issued on acquisition (note 20)	266,666
	1,266,666
Acquisition costs expensed to profit or loss	18,000

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2020 %	2019 %
AHA Life Holdings Inc.	United States of America	100%	100%
AHA Life LLC	United States of America	100%	100%
Design Milk Holdings, LLC	United States of America	100%	100%

Note 33. Earnings per share

	Consolidated	
	2020 US$	2019 US$
Loss after income tax attributable to the owners of AHAlife Holdings Limited	(1,958,206)	(2,643,241)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,097,306,538	686,652,495
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,097,306,538	686,652,495
	Cents	Cents
Basic earnings per share	(0.18)	(0.38)
Diluted earnings per share	(0.18)	(0.38)

Note 34. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2020 US$	Consolidated 2019 US$
Loss after income tax expense for the year	(1,958,206)	(2,643,241)
Adjustments for:		
Depreciation and amortisation	77,640	144,179
Share-based payments	362,772	226,540
Other revenue - non-cash	(8,942)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	147,413	(168,629)
Decrease in inventories	55,848	20,028
Decrease/(increase) in prepayments	87,791	(25,303)
Increase in other operating assets	(5,206)	(25,440)
Decrease in trade and other payables	(21,653)	(156,626)
Increase/(decrease) in contract liabilities	58,450	(105,413)
Decrease in other provisions	(68,000)	-
Net cash used in operating activities	(1,272,093)	(2,733,905)

Non-cash investing and financing activities

	Consolidated 2020 US$	Consolidated 2019 US$
Security deposits receivable	57,140	-
Rental security deposit liabilities	(57,000)	-
	140	-

Changes in liabilities arising from financing activities

Consolidated	Lease liabilities US$	Paycheck protection programme loan US$
Balance at 1 July 2018	-	-
Balance at 30 June 2019	-	-
Net cash from/(used in) financing activities	(178,429)	219,100
Adoption of AASB 16 (note 2)	405,878	-
Non-cash fair value adjustment	-	(8,942)
Other changes - derecognition of leases	(227,449)	-
Balance at 30 June 2020	-	210,158

Note 35. Share-based payments

The consolidated entity has a long term incentive plan ('LTIP') which provides eligible employees with an additional incentive to work to improve the performance of the consolidated entity by granting options or rights to acquire shares.

Note 35. Share-based payments (continued)

During the financial year 40,379,996 (2019: 19,127,744) options valued at US$121,469 (2019: $853,334) were granted.

The share-based payments expense for the year was US$362,772 (2019: US$226,540).

Set out below are summaries of options granted under the plan:

2020

Grant date	Exercise price	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/07/2014	A$0.200	16/07/2019	637,500	-	-	(637,500)	-
27/07/2015	US$0.085	05/10/2021	477,422	-	-	-	477,422
27/07/2015	US$0.085	26/10/2021	163,285	-	-	-	163,285
27/07/2015	US$0.091	08/11/2022	179,212	-	-	-	179,212
27/07/2015	US$0.098	22/03/2023	326,564	-	-	-	326,564
27/07/2015	US$0.098	31/07/2023	63,720	-	-	-	63,720
27/07/2015	US$0.095	19/08/2024	326,570	-	-	-	326,570
27/07/2015	US$0.400	27/07/2025	15,906	-	-	-	15,906
30/07/2018	A$0.014	30/07/2028	16,908,954	-	-	-	16,908,954
19/02/2018	A$0.014	19/02/2028	1,479,193	-	-	(1,479,193)	-
24/10/2018	A$0.014	24/10/2028	2,218,790	-	-	(2,218,790)	-
27/11/2019	A$0.013	27/11/2024	-	40,379,996	-	-	40,379,996
			22,797,116	40,379,996	-	(4,335,483)	58,841,629

2019

Grant date	Exercise price	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/07/2014	A$0.200	16/07/2019	637,500	-	-	-	637,500
27/07/2015	US$0.085	05/10/2021	477,422	-	-	-	477,422
27/07/2015	US$0.085	26/10/2021	163,285	-	-	-	163,285
27/07/2015	US$0.091	08/11/2022	179,212	-	-	-	179,212
27/07/2015	US$0.098	22/03/2023	326,564	-	-	-	326,564
27/07/2015	US$0.098	31/07/2023	63,720	-	-	-	63,720
27/07/2015	US$0.095	19/08/2024	326,570	-	-	-	326,570
27/07/2015	US$0.400	27/07/2025	15,906	-	-	-	15,906
23/03/2018	A$0.018	23/03/2028	20,491,709	-	-	(20,491,709)	-
30/07/2018	A$0.014	30/07/2028	-	16,908,954	-	-	16,908,954
19/02/2018	A$0.014	19/02/2028	1,479,193	-	-	-	1,479,193
24/10/2018	A$0.014	24/10/2028	-	2,218,790	-	-	2,218,790
			24,161,081	19,127,744	-	(20,491,709)	22,797,116

57,288,950 options disclosed above are yet to be issued to the participants as at 30 June 2020.

Nil Options outstanding as at 30 June 2020 are vested and exercisable (2019: 637,500).

The weighted average share price during the financial year was US$0.0064/A$0.0096 (2019: US$0.007/A$0.010). The weighted average remaining contractual life of options outstanding at the end of the financial year was 5.2 years (2019: 8.44 years).

Note 35. Share-based payments (continued)

Performance rights
Performance rights with a value of $853,334 are outstanding as at 30 June 2020, of which $633,334 is based on the achievement of business performance targets. The number of shares to be issued will be based on AHAlife Holdings Limited share price on vesting dates.

Details of performance rights granted in relation to employment service is provided below:
- On 30 July 2018, 31,077,105 performance rights (valued at US$220,000) were granted for US$ nil exercise price. The rights have no expiry date. The performance rights are yet to be issued to the participants.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date
27/11/2019	27/11/2024	A$0.013	A$0.011	80.00%	-	0.75%	A$0.0067

Note 36. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mike Hill
Chairman

28 August 2020
Sydney

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Independent Auditor's Report to the Members of AHAlife Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AHAlife Holdings Limited (the Company) and its subsidiaries (collectively 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, 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:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) 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 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 2 Going Concern in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These events or conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group generates revenue from sale of goods and advertising. The Group's accounting policies for the recognition of revenue are outlined in Note 2 to the financial statements. As disclosed in Notes 2 and 5 to the financial statements, the Group's revenue streams are either recognised over time or at a point in time, depending on the identified performance obligations. Due to the differing recognition criteria and the high volume of transactions, revenue recognition is considered to be a key audit matter.	Our audit procedures included the following: ► Assessed whether the revenue recognition policy applied to the terms and conditions of sale is in accordance with Australian Accounting Standard AASB 15 Revenue from Contracts with Customers. ► Selected a sample of sale of goods transactions to determine whether the revenue was recorded in the appropriate period by tracing through to evidence of delivery to the customer. This included testing whether sale transactions were recognised as deferred revenue at balance date where applicable. ► Selected a sample of advertising transactions to determine whether the revenue was recorded in the appropriate period, by tracing through to evidence of the displayed or published advertisement. This also included testing whether sale transactions were recognised as deferred revenue at balance date where applicable. ► Considered the impact of customer returns and credit notes issued subsequent to 30 June 2020, where these related to sales recognised in the 2020 financial year. ► Considered the adequacy of the revenue related policy disclosures contained in Note 2 to the financial statements.

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Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2020 Annual Report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 Group’s ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AHAlife Holdings Limited for the year ended 30 June 2020, 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.

Ernst & Young

Ernst & Young

Julian M. O'Brien
Partner
Sydney
28 August 2020

Directors	Mike Hill - Non-Executive Chairman Michael Everett - Non-Executive Director Christopher Colfer - Non-Executive Director Arnaud Massenet - Non-Executive Director
Key Management Personnel	Robert Mancini - Chief Executive Officer
Company secretary	Sapir Elias
Registered office	Level 5, 126 Phillip Street Sydney, NSW 2000 Australia Tel: 1300 266 517 or +61 2 8072 1400
Principal place of business	1209 Hill Rd N Ste 256 Pickerington, OH 43201 United States of America
Share register	Automic Registry Services Level 5, 126 Phillip Street, Sydney, NSW 2000 Tel: 02 9698 5414 Email: hello@automic.com.au
Auditor	Ernst & Young 200 George Street Sydney, NSW 2000
Stock exchange listing	AHAlife Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: AHL)
Website	www.ahalife.com www.kaufmann-mercantile.com www.design-milk.com
Corporate Governance Statement	The directors and management are committed to conducting the business of AHAlife Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. AHAlife Holdings Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The consolidated entity's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the company's website at www.ahalifeholdings.com.au/corporate-governance-and-corporate-directory/

The shareholder information set out below was applicable as at 28 August 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	112	-
1,001 to 5,000	11	-
5,001 to 10,000	8	-
10,001 to 100,000	151	2
100,001 and over	324	10
	606	12
Holding less than a marketable parcel	251	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	200,067,935	15.04
NATIONAL NOMINEES LIMITED	175,570,319	13.20
EARLY FORCE PTY LTD	76,330,402	5.74
BOATLIFE HOLDINGS PTY LTD (COLFER FAMILY A/C)	63,142,857	4.75
ONMELL PTY LTD (ONM BPSF A/C)	42,621,889	3.20
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	36,879,805	2.77
REUNION INVESTMENTS PTY LTD (REUNION INVESTMENT A/C)	31,053,187	2.33
JARUMITO PTY LIMITED(THE JARUMITO FAMILY A/C)	26,908,408	2.02
EARLY FORCE PTY LTD	25,126,644	1.89
MARK MOORE & INNA MOORE (THE M C MOORE 2010 INV A/C)	23,076,923	1.74
GAILFORCE MARKETING & PR PTY LIMITED (HALE AGENCY SUPER FUND A/C)	21,942,857	1.65
MCROD INVESTMENTS PTY LIMITED	19,642,857	1.48
RASK PTY LTD (GRANGER SUPER FUND A/C)	18,633,331	1.40
NETWEALTH INVESTMENTS LIMITED (WRAP SERVICES A/C)	18,310,214	1.38
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,306,983	1.38
EARLY FORCE PTY LTD	17,730,498	1.33
BERNARD LAVERTY PTY LTD	16,321,384	1.23
JETOSEA PTY LTD	12,300,000	0.92
DEPOFO PTY LTD (ORDINARY A/C)	10,886,665	0.82
MR PETER ROBERT MANCINI	10,714,285	0.81
	865,567,443	65.08

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	28,091,018	12

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held	% of total shares issued
ARNAUD MASSENET	158,846,155	11.94
EARLY FORCE PTY LTD	155,435,708	11.69
BOMBORA INVESTMENT MANAGEMENT P/L (BOMBORA SPECIAL INVESTMENTS GROWTH FUND)	175,570,319	13.20

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.