1. Company details

Name of entity:	AHAlife Holdings Limited
ABN:	15 006 908 701
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

				US$
Revenues from ordinary activities	down	4.9%	to	5,043,208
Loss from ordinary activities after tax attributable to the owners of AHAlife Holdings Limited	down	80.0%	to	(2,950,077)
Loss for the year attributable to the owners of AHAlife Holdings Limited	down	80.0%	to	(2,950,077)

	2017 Cents	2016 Cents
Basic earnings per share	(1.83)	(9.53)
Diluted earnings per share	(1.83)	(9.53)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to US$2,950,077 (30 June 2016: US$14,766,291).

The 2016 loss includes listing expenses of US$ 6,324,041.

Refer to Chairman's report accompanying this Appendix 4E for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.29	2.50

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an audit report containing an unqualified opinion, with a material uncertainty relating to going concern, is attached as part of the Annual Report.

5. Attachments

Details of attachments (if any):

The Annual Report of AHAlife Holdings Limited for the year ended 30 June 2017 is attached.

6. Signed

Signed ___________________________ Date: 28 August 2017

Mike Hill
Chairman
Sydney

AHAlife Holdings Limited

ABN 15 006 908 701

Annual Report - 30 June 2017

Dear shareholder

The online market for premium consumer goods continues to grow and evolve every year. In 2016 the market was estimated at US$22BN[1], growing twelvefold in the past eleven years. More recently, we see the market benefiting from the following key themes:

- A continuous shift from offline retail into online, where marketplaces are the winning model
- Affluent millennials entering the market who seek premium and unique items
- A growing opposition toward fast fashion and a rising demand for 'built to 'last' craftsmanship

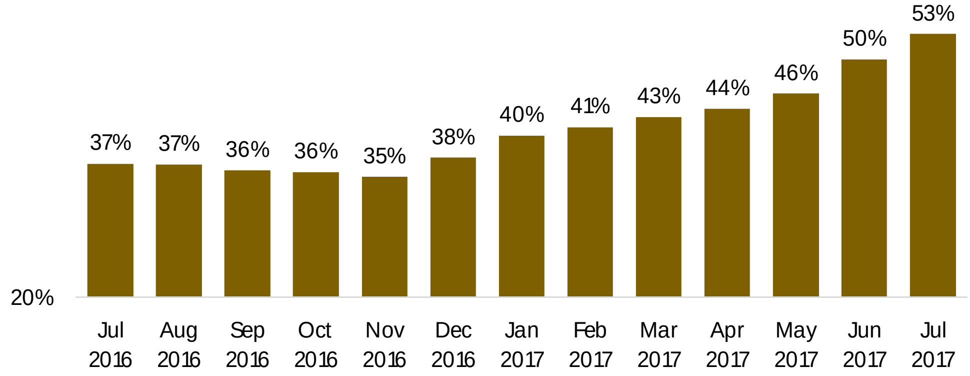
With its strong margins and highly scalable marketplace, AHAlife is perfectly positioned to capitalise on the dynamics of this US$22 BN market. Since 2010, AHAlife has been steadily consolidating this highly fragmented global industry of independent designers and specialist manufacturers, providing them with exposure to millions of design-savvy consumers.

Over the past year we have solidified our position as the leader in the market of premium, lifestyle goods by enhancing the consumer experience on site and by continuing to carefully select an inspiring collection of items, and designers, from all over the world. Our mission is to help our vendors reach a global audience by carefully personalizing products to our user's interests, using cost-efficient, digital marketing techniques.

Operations

Recognising success lies in strong brand loyalty and customer retention, AHAlife has always prioritised the customer experience in its day to day operations. Mid way through fiscal 2017 however, the team introduced a number of programs and enhancements to further elevate its customer-centric culture and boost overall customer retention. Since November 2016, the results have been exceptional, and they give our board, and the executive team, great confidence in the future and for a prosperous year ahead.

Customer Retention[2]



As the foundation for this years' work, the key to our customer retention program was to clearly define our core customer, their interests, and how we can best align with them. From here, the team undertook an extensive merchandise review to optimise its product catalog and taxonomy. We then optimised the site experience with discovery enhancements, numerous design upgrades, and user personalization features. With this, our marketing efforts were able to become more sophisticated, talking to distinctive user groups for a highly targeted response. Then in June we rounded this out with the launch of the AHA Concierge shopping service and a stress-free loyalty program to reward customers for returning.

1 Source: Bain & Company. Online personal luxury goods market.

2 Customer retention is calculated as the number of customers retained in the past 12 months as a percentage of the total new customers acquired over the same 12 month period.

Key Financial Highlights for FY17

- Gross margin improvement of 7 points to 46% (from 39%)
- Maintained revenues despite 50% reduction in paid marketing
- Successful acquisition & integration of Kaufmann Mercantile, delivering 10x ROI in 12 months
- Seamless transition of senior management in February 2017 and large cost saving benefit
- 10% lift in Average Order Value ("AOV")
- 37% cut in Opex

Financial Summary (US $'Million)	FY17	FY16	Change
Revenue	5.0	5.3	- 4.9%
Gross Profit	2.3	2.1	+ 11.8%
Gross Margin	45.9%	39.1%	
Net Profit/(Loss) After Tax	(3.0)	(14.7)	+ 80%

This last year has been a transformative one for the business, including significant management changes. The benefits of these changes to the business are significant when you consider that the revenue is very similar, the margins have improved and the loss position has improved considerably from a loss of $14.7M in FY 16 to $3.0M in FY17. Whilst there is still work to do, the Board and management are confident in the future of the business.

I would like to thank you for your continued support as an investor in AHAlife and I also wish to thank our board, the executive team, and staff who all work tirelessly to capitalise on this fantastic business opportunity.

Yours Sincerely,

Mike Hill
Chairman

28 August 2017

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 2017.

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
Shauna Mei (Resigned on 27 February 2017)
Sachin Devand (Resigned on 27 February 2017)

Principal activity

During the financial year the principal continuing activity of the consolidated entity was the sale of luxury and designer lifestyle products online.

The consolidated entity is a digital marketplace for consumers of premium design and lifestyle items, geographically located in North America. The consolidated entity handpicks designers and products from a community of more than 4,300 designers and artisan across 45 countries to sell directly to a user base of more than 1.2 million users. The consolidated entity’s business model involves a drop-ship process, allowing designers to ship directly to customers which avoids the need for the consolidated entity to carry inventory.

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$2,950,077 (30 June 2016: US$14,766,291).

The 2016 loss includes listing expenses of US$ 6,324,041.

Refer to Chairman's report for further commentary on the review of operations.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which 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 2017. It also contains an independent auditor’s report which includes a reference to material uncertainty relating to going concern. For further information, refer to note 2 to the financial statements, together with the independent auditor's report.

Significant changes in the state of affairs

There were no 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 2017 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

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:	Chairman of rhipe Limited (ASX:RHP) - appointed 12 March 2013; Chairman of HJB Corporation Limited (ASX:HJB) - appointed 7 July 2014; Chairman of NMG Corporation Limited (ASX:NMG) - appointed 24 December 2015; Non-Executive Director of JustKapital Litigation Partners Limited (ASX:JKL) - appointed 30 March 2015 and Non-Executive Director of LiveTiles Limited (ASX:LVT) - appointed 1 September 2014.
Former directorships (last 3 years):	Non-Executive Director of Prime Media Group Limited (ASX:PRT) - appointed 4 August 2015; resigned on 22 August 2016.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	983,792
Interests in options:	175,000
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. In 2015, Michael co-founded Bombora Group, an advisory services company.
Other current directorships:	HJB Corporation Limited (ASX:HJB) - appointed 7 July 2014 and NMG Corporation Limited (ASX:NMG) - appointed 24 December 2015.
Former directorships (last 3 years):	Non-Executive Director of rhipe Limited (ASX:RHP) - appointed 10 April 2014, resigned 27 January 2017.
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	1,360,000
Interests in options:	212,500
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 and e-commerce. He is highly skilled in strategy, retail, e-commerce, business development and marketing. He was the longest serving Non-Executive Board Member of online luxury fashion retailer NET-A-PORTER, where he oversaw the initial investment by Richemont, saw its transformation into a billion-dollar company, and subsequently led the full acquisition in February 2010.
Other current directorships:	Christopher sits on the board of personalised fashion marketplace LYST, Nude by Nature and Huntsman & Sons.
Former directorships (last 3 years):	Crumpler.
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	1,635,000

'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

Andrew Whitten has held the role of company secretary since 17 January 2014. Andrew is currently the company secretary of a number of publicly listed companies. He holds a Bachelor of Arts (Economics) from the University of New South Wales, a Master of Laws and Legal Practice from the University of Technology, Sydney and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. He is an admitted solicitor with a speciality in corporate finance and securities law and is a Solicitor Director of Whittens. Andrew is an elected Associate of the Governance Institute of Australia.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mike Hill	6	7	1	2
Michael Everett	5	7	2	2
Christopher Colfer	7	7	-	-
Shauna Mei	4	4	2	2
Sachin Devand	4	4	-	-

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 key management personnel

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.

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 2017 and 30 June 2016.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of 1.5 to 4.5 years based on long-term incentive measures. These include an increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The options, performance options, performance rights, loan shares and consideration options vest between 1.5 and 4.5 years and are contingent upon employment or service with the consolidated entity on the vesting date and the satisfaction of certain vesting conditions.

On 27 July 2015, the company granted options in exchange for options previously issued by AHAlife Holdings Inc. with a life of 10 years from grant date and have exercise prices ranging from US$0.08 to US$0.40. These options vest immediately or progressively between 2 and 4 years contingent upon employment or service with the consolidated entity on the vesting date.

During the year, LTI were issued to KMP in the form of performance rights. The LTI are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months) and become deliverable to the participant once certain financial performance milestones have been met as follows: 1/4th of the performance rights will only be delivered once the company achieves US$10 million booked sales within a rolling 12 month period; a further 1/4th of the performance rights will only be delivered once the company achieves booked sales of US$15 million within a rolling 12 month period; a further 1/4th of the performance rights will only be delivered once the company achieves US$20million booked sales within a rolling 12 month period; and, a final 1/4th of the performance rights will be delivered once the company achieves positive operating cash flows within a rolling 12 month period. Performance rights have no expiry date and $Nil exercise price.

During the year, retention incentive rights were issued to KMP. The retention incentive rights are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months). Retention incentive rights have no consideration and there are no performance conditions.

The Board reviewed the long-term equity-linked performance incentives specifically for executives during the financial year ended 30 June 2017. Refer to 'share-based compensation' section below for further details of LTI awards in 2017.

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, performance options, performance rights, loan shares and consideration 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 2017, the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the company's 2016 Annual General Meeting ('AGM')
At the 2016 AGM, shareholders voted to approve the adoption of the remuneration report of the company for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

And the following persons:
- Sebastian Kaufmann - Chief Executive Officer ('CEO')
- Stuart Halls - Chief Financial Officer and Chief Operating Officer

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	
2017	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	83,333	-	-	1,979	-	-	-	85,312
Michael Everett	64,583	-	-	1,583	-	-	-	66,166
Christopher Colfer	72,917	-	-	2,375	-	-	(137,014)	(61,722)
Executive Directors:								
Shauna Mei*	185,417	-	3,164	-	-	63,687	(717,870)	(465,602)
Sachin Devand*	185,417	-	2,783	-	-	63,544	(313,863)	(62,119)
Other Key Management Personnel:								
Sebastian Kaufmann**	73,333	-	1,352	-	-	-	40,019	114,704
Stuart Halls**	66,971	-	952	6,362	-	-	42,723	117,008
	731,971	-	8,251	12,299	-	127,231	(1,086,005)	(206,253)

* Key management personnel of the consolidated entity from 1 July 2016 to 27 February 2017
** Key management personnel of the consolidated entity from 1 March 2017

Certain option and performance rights issued to Shauna Mei and Sachin Devand were forfeited as a consequence of their resignation during the year.
The performance conditions related to certain performance rights are not likely to be reached within the 2 year time period. As a result, share-based payment expenses previously recognised have been reversed during the current year. The resulting negative share-based payment and remuneration for the year ended 30 June 2017 are disclosed in the 2017 table above.

2016	Short-term benefits: Cash salary and fees US$	Short-term benefits: Cash bonus US$	Short-term benefits: Non-monetary US$	Post-employment benefits: Super-annuation US$	Long-term benefits: Long service leave US$	Share-based payments: Equity settled options US$	Total US$
Non-Executive Directors:							
Mike Hill - Chairman*	114,583	-	-	-	-	-	114,583
Michael Everett*	91,667	-	-	-	-	-	91,667
Christopher Colfer**	19,931	-	-	1,894	-	137,014	158,839
Executive Directors:							
Shauna Mei	291,667	-	4,019	-	-	594,510	890,196
Sachin Devand	293,750	-	4,033	-	-	314,748	612,531
	811,598	-	8,052	1,894	-	1,046,272	1,867,816

* Key management personnel of the consolidated entity from 25 July 2015
** Key management personnel of the consolidated entity from 24 March 2016

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

Name	Fixed remuneration 2017	Fixed remuneration 2016	At risk - LTI 2017	At risk - LTI 2016
Non-Executive Directors:				
Mike Hill	100%	100%	-	-
Michael Everett	100%	100%	-	-
Christopher Colfer*	100%	14%	-	86%
Executive Directors:				
Shauna Mei*	100%	33%	-	67%
Sachin Devand*	100%	49%	-	51%
Other Key Management Personnel:				
Sebastian Kaufmann	65%	-	35%	-
Stuart Halls	63%	-	37%	-

* Information on the proportion of remuneration for 2017 has not been provided for these KMP due to negative remuneration during the year.

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:	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:	Christopher Colfer
Title:	Non-Executive Director
Agreement commenced:	23 March 2016
Term of agreement:	2 years
Details:	Termination by the consolidated entity with reason, immediately with no notice. 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:	Sebastian Kaufmann
Title:	Chief Executive Officer ('CEO')
Agreement commenced:	1 March 2017
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice. Termination at the request of the consolidated entity, 3 months' written notice period. Termination by the CEO at his own election, immediately with no notice.

Name:	Stuart Halls
Title:	Chief Financial Officer and Chief Operating Officer ('CFO and COO')
Agreement commenced:	1 March 2017
Term of agreement:	Ongoing
Details:	Termination by the consolidated entity with reason, immediately with no notice. Termination at the request of the consolidated entity, 3 months' written notice period. Termination by the CFO/COO at his own election, 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 2017.

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	Particulars	Expiry date	Exercise price	Fair value per option at grant date
27/07/2015	Shauna Mei: 3,500,000 performance options, which vest on 3 years of continuous service with the consolidated entity, and when the consolidated entity's revenue in a rolling 12 month period exceeds US$20million*	27/07/2019	A$0.300	A$0.230
27/07/2015	Shauna Mei: 3,500,000 executive options, which vest on 3 years of continuous service with the consolidated entity, and when the 20 day VWAP of the company's share price is 75 cents or above*	27/07/2019	A$0.200	A$0.250
27/07/2015	Sachin Devand: 1,500,000 performance options, which vest on 3 years of continuous service with the consolidated entity, and when the consolidated entity's revenue in a rolling 12 month period exceeds US$20million*	27/07/2019	A$0.300	A$0.230
27/07/2015	Sachin Devand: 1,500,000 executive options, which vest on 3 years of continuous service with the consolidated entity, and when the 20 day VWAP of the company's share price is 75 cents or above*	27/07/2019	A$0.200	A$0.250
27/07/2015	Sachin Devand: 1,858,332 options	08/11/2022	US$0.091	US$0.140
27/07/2015	Sachin Devand: 1,109,885 options	19/08/2024	US$0.094	US$0.170

* Except for vested options, the options issued to Shauna Mei and Sachin Devand listed above were forfeited in view of the resignation of KMP on 27 February 2017.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested in directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Number of options granted during the year 2017	Number of options granted during the year 2016	Number of options vested during the year 2017	Number of options vested during the year 2016
Shauna Mei	-	7,000,000	66,667	-
Sachin Devand	-	5,968,217	66,667	742,054

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	Particulars	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
27/07/2015	Shauna Mei: 3,500,000 performance rights, which vest on 4 years of continuous service with the consolidated entity, when the 20 day VWAP of the company's share price is A$1.20 or above and when the consolidated entity's revenue in a rolling 12 month period exceeds US$20million and the consolidated entity has positive operating cash flows within this 12 month period (i)	27/07/2019	A$1.200	US$0.240
27/07/2015	Sachin Devand: 1,500,000 performance rights, which vest on 4 years of continuous service with the consolidated entity, when the 20 day VWAP of the company's share price is A$1.20 or above and when the consolidated entity's revenue in a rolling 12 month period exceeds US$20million and the consolidated entity has positive operating cash flows within this 12 month period (i)	27/07/2019	A$1.200	US$0.240
23/03/2016	Chris Colfer: 1,635,000 performance rights (ii)	N/A	N/A	A$0.370
11/08/2016	Stuart Halls: 639,795 performance rights (iii)	N/A	N/A	A$0.170
12/08/2016	Sebastian Kaufmann: 200,000 performance rights (iii)	N/A	N/A	A$0.033
01/03/2017	Sebastian Kaufmann: 1,208,231 retention incentive rights (iv)	N/A	N/A	A$0.033
01/03/2017	Sebastian Kaufmann: 4,832,923 long term incentive rights (v)		N/A	A$0.033
01/03/2017	Stuart Halls: 1,208,231 retention incentive rights (iv)	N/A	N/A	A$0.033
01/03/2017	Stuart Halls: 4,832,923 long term incentive rights (v)	N/A	N/A	A$0.033

(i) The performance rights issued to Shauna Mei and Sachin Devand listed above were forfeited in view of the resignation of KMPs on 27 February 2017.

(ii) Chris Colfer's performance right are expected to vest over a 2 year period of continuous service with the company (1/8th vest every 3 months), and become deliverable once certain financial performance milestones have been met as follows: 1/3rd of the performance rights will only be delivered once the company achieves positive operating cash flows within a rolling 12 month period, a further 1/3rd of the performance rights will only be delivered once the company achieves revenue in a rolling 12 month period in excess of A$20 million, and a final 1/3rd of the performance rights will be delivered once the company achieves revenue in a rolling 12 month period in excess of A$50million. Performance rights have no expiry date and $Nil exercise price. These performance conditions are not likely to be reached within the 2 year time period.

(iii) These performance rights vest over a 4 year period of continuous service with the company. 25% vests after 1 year of continuous service after the vesting commencement date, thereafter 6.25% vest every 3 months. Sebastian Kaufmann's performance rights vest 15% after 1 year of continuous service after the vesting commencement date, thereafter 3.75% vest every 3 months during the 2nd year, and thereafter 8.75% vest every 3 months

(iv) Retention incentive rights are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months). Retention incentive rights have no consideration and there are no performance conditions.

(v) Long term incentive rights are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months) and become deliverable to the participant once certain financial performance milestones have been met as follows: 1/4th of the performance rights will only be delivered once the company achieves US$10 million booked sales within a rolling 12 month period, a further 1/4th of the performance rights will only be delivered once the company achieves booked sales of US$15 million within a rolling 12 month period, a further 1/4th of the performance rights will only be delivered once the company achieves $20 million booked sales within a rolling 12 month period; and a final 1/4th of the performance rights will be delivered once the company achieves positive operating cash flows within a rolling 12 month period. Performance rights have no expiry date and $Nil exercise price.

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 2017 are set out below:

Name	Number of rights granted during the year 2017	Number of rights granted during the year 2016	Number of rights vested during the year 2017	Number of rights vested during the year 2016
Shauna Mei	-	3,500,000	-	-
Sachin Devand	-	1,500,000	-	-
Chris Colfer*	-	1,635,000	-	-
Sebastian Kaufmann	6,041,154	-	-	-
Stuart Halls	6,041,154	-	279,909	-

* Performance rights were approved by shareholders at the 2016 Annual General Meeting.

Additional information
The earnings of the consolidated entity for the two years to 30 June 2017 are summarised below:

	2017 US$	2016 US$
Sales revenue	5,043,208	5,301,360
Loss after income tax	(2,950,077)	(14,766,291)

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

	2017	2016
Share price at financial year end (A$)	0.03	0.19
Basic earnings per share (cents per share)	(1.83)	(9.53)

Additional disclosures relating to key management personnel

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 performance rights	Additions	Other	Balance at the end of the year
Ordinary shares					
Mike Hill	983,792	-	-	-	983,792
Michael Everett	1,360,000	-	-	-	1,360,000
Shauna Mei*	17,206,795	-	-	(17,206,795)	-
Sachin Devand*	7,535,078	-	-	(7,535,078)	-
Sebastian Kaufmann**	180,000	-	-	-	180,000
Stuart Halls**	190,266	79,974	-	199,935	470,175
	27,455,931	79,974	-	(24,541,938)	2,993,967

* For Shauna Mei and Sachin Devand 'other' represents shares held at resignation date.
** Balance at the start of the year represents shares held on commencement as KMP.

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	1,050,000	-	-	(700,000)	350,000
Michael Everett	1,025,000	-	-	(600,000)	425,000
Shauna Mei*	7,000,000	-	-	(7,000,000)	-
Sachin Devand*	5,968,217	-	-	(5,968,217)	-
	15,043,217	-	-	(14,268,217)	775,000

* For Shauna Mei and Sachin Devand 'other' represents options held at resignation date of KMPs.

	Vested and exercisable	Vested and unexercisable	Balance at the end of the year
Options over ordinary shares			
Mike Hill	175,000	175,000	350,000
Michael Everett	212,500	212,500	425,000
	387,500	387,500	775,000

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel 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					
Chris Colfer*	1,635,000	-	-	-	1,635,000
Shauna Mei***	3,500,000	-	-	(3,500,000)	-
Sachin Devand***	1,500,000	-	-	(1,500,000)	-
Sebastian Kaufmann**	200,000	6,041,154	-	-	6,241,154
Stuart Halls**	639,795	6,041,154	(279,909)	-	6,401,040
	7,474,795	12,082,308	(279,909)	(5,000,000)	14,277,194

* Performance rights were approved by shareholders at the 2016 Annual General Meeting
** Balance at the start of the year represents performance rights held on commencement as KMP
*** For Shauna Mei and Sachin Devand 'other' represents performance rights held at resignation date of KMPs.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of AHAlife Holdings Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30/11/2011	22/02/2018	A$40.000	1,313
16/07/2014	16/07/2019	A$0.200	637,500
27/07/2015	08/11/2022	US$0.091	1,858,332
27/07/2015	18/08/2024	US$0.094	1,109,885
27/07/2015	05/10/2021	US$0.085	477,422
27/07/2015	26/10/2021	US$0.085	163,285
27/07/2015	01/06/2022	US$0.207	42,692
27/07/2015	08/11/2022	US$0.091	179,212
27/07/2015	22/03/2023	US$0.098	326,564
27/07/2015	31/07/2023	US$0.098	63,720
27/07/2015	19/08/2024	US$0.095	326,570
27/07/2015	27/07/2025	US$0.400	15,906
27/07/2015	27/01/2020	A$0.450	4,000,000
			9,202,401

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

Unissued ordinary shares of AHAlife Holdings Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
23/03/2016	N/A	N/A	1,635,000
11/08/2016	N/A	N/A	359,886
12/08/2016	N/A	N/A	200,000
05/10/2016	N/A	N/A	50,000
10/11/2016	N/A	N/A	51,625
14/11/2016	N/A	N/A	56,875
01/03/2017	N/A	N/A	2,416,462
01/03/2017	N/A	N/A	9,665,846
			14,435,694

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 2017 and up to the date of this report.

Shares issued on the exercise of performance rights

Date performance rights granted	Exercise price	Number of shares issued
11/08/2016	N/A	279,909
10/11/2016	N/A	18,375
14/11/2016	N/A	13,125
		311,409

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.

Auditor

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

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 2017

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 2017, 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

Ernst & Young

Julian M. O'Brien
Partner
Sydney
28 August 2017

	Note	Consolidated 2017 US$	2016 US$
Revenue			
Sale of goods		4,728,431	4,901,154
Shipping revenue		314,777	400,206
Total sales revenue		5,043,208	5,301,360
Cost of goods sold		(2,727,673)	(3,230,614)
Gross margin		2,315,535	2,070,746
Other income	5	103,136	82,211
Expenses			
Employee benefit expenses	6	(1,539,704)	(4,489,321)
Marketing expenses		(1,308,330)	(3,084,968)
Technology expenses		(432,785)	(794,671)
Freight and warehousing expenses		(623,950)	(827,645)
Occupancy and administrative expenses		(616,204)	(806,580)
Professional fees		(456,312)	(305,873)
Depreciation and amortisation expenses	6	(213,725)	(97,826)
Listing expenses	6	-	(6,324,041)
Other expenses		(163,240)	(156,924)
Finance costs		(14,498)	(31,399)
Loss before income tax expense		(2,950,077)	(14,766,291)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of AHAlife Holdings Limited		(2,950,077)	(14,766,291)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,561)	(7,303)
Other comprehensive income for the year, net of tax		(1,561)	(7,303)
Total comprehensive income for the year attributable to the owners of AHAlife Holdings Limited		(2,951,638)	(14,773,594)
		Cents	Cents
Basic earnings per share	29	(1.83)	(9.53)
Diluted earnings per share	29	(1.83)	(9.53)

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

	Note	Consolidated 2017 US$	2016 US$
Assets			
Current assets			
Cash and cash equivalents	8	993,520	4,527,079
Trade and other receivables	9	56,155	-
Inventories		71,169	124,468
Other	10	68,425	144,784
Total current assets		1,189,269	4,796,331
Non-current assets			
Property, plant and equipment	11	260,662	444,939
Intangibles	12	88,895	91,479
Security deposits		58,695	45,490
Total non-current assets		408,252	581,908
Total assets		1,597,521	5,378,239
Liabilities			
Current liabilities			
Trade and other payables	13	717,243	1,089,684
Other	14	256,132	120,813
Total current liabilities		973,375	1,210,497
Non-current liabilities			
Lease make good provision		68,000	68,000
Total non-current liabilities		68,000	68,000
Total liabilities		1,041,375	1,278,497
Net assets		556,146	4,099,742
Equity			
Contributed equity	15	47,607,791	47,464,788
Reserves	16	650,411	1,386,933
Accumulated losses		(47,702,056)	(44,751,979)
Total equity		556,146	4,099,742

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

Consolidated	Contributed equity US$	Reserves US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2015	27,847,979	297,483	(29,985,688)	(1,840,226)
Loss after income tax expense for the year	-	-	(14,766,291)	(14,766,291)
Other comprehensive income for the year, net of tax	-	(7,303)	-	(7,303)
Total comprehensive income for the year	-	(7,303)	(14,766,291)	(14,773,594)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	19,616,809	-	-	19,616,809
Share-based payments (note 30)	-	1,096,753	-	1,096,753
Balance at 30 June 2016	47,464,788	1,386,933	(44,751,979)	4,099,742

Consolidated	Contributed equity US$	Reserves US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2016	47,464,788	1,386,933	(44,751,979)	4,099,742
Loss after income tax expense for the year	-	-	(2,950,077)	(2,950,077)
Other comprehensive income for the year, net of tax	-	(1,561)	-	(1,561)
Total comprehensive income for the year	-	(1,561)	(2,950,077)	(2,951,638)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	143,003	-	-	143,003
Share-based payments (note 30)	-	(734,961)	-	(734,961)
Balance at 30 June 2017	47,607,791	650,411	(47,702,056)	556,146

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

	Note	Consolidated 2017 US$	Consolidated 2016 US$
Cash flows from operating activities			
Receipts from customers		5,005,932	5,344,539
Payments to suppliers and employees		(8,644,947)	(12,356,971)
Interest received		8,109	5,955
Receipts from other income		66,027	76,256
Interest and other finance costs paid		(14,498)	(31,399)
Net cash used in operating activities	28	(3,579,377)	(6,961,620)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,477)	(400,966)
Payments for security deposits		(13,205)	-
Proceeds from disposal of property, plant and equipment		3,500	-
Proceeds from rental security deposits		57,000	-
Net cash from/(used in) investing activities		45,818	(400,966)
Cash flows from financing activities			
Proceeds from issue of shares		-	15,162,530
Share issue transaction costs		-	(1,102,934)
Transaction costs of listing		-	(725,988)
Repayment of borrowings		-	(1,965,517)
Net cash from financing activities		-	11,368,091
Net increase/(decrease) in cash and cash equivalents		(3,533,559)	4,005,505
Cash and cash equivalents at the beginning of the financial year		4,527,079	521,574
Cash and cash equivalents at the end of the financial year	8	993,520	4,527,079

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 29, 201 Elizabeth Street Sydney, NSW 2000 Australia	147 Front Street Brooklyn, NY 11201 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 2017. 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.

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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

Going concern

The consolidated entity generated a loss for the financial year ended 30 June 2017 of US$2,950,077 (30 June 2016: US$14,766,291) and a net operating cash outflow of US$3,579,377 (30 June 2016: US$6,961,620). These conditions give rise to a material uncertainty which may cast doubt over the consolidated entity's ability to continue as a going concern.

Notwithstanding the above, the directors believe that the consolidated entity will continue to operate as a going concern for the following reasons:

- The consolidated entity expects the benefits of site enhancements, a merchandising review and changes to the executive team in FY2017 to improve revenues going forward;
- The consolidated entity has the ability to implement measures to reduce the consolidated entity’s cash outflow; and
- The directors are confident the company will have the ability to raise capital in the future, if required.

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they fall due.

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 IFRS as issued by the International Accounting Standards Board ('IASB').

Note 2. Significant accounting policies (continued)

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 26.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AHAlife Holdings Limited as at 30 June 2017 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.

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.

Note 2. Significant accounting policies (continued)

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
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods pass to the buyer, usually on despatch of the goods. Revenue from the sale of goods is measured net of returns and allowances, trade discounts and volume rebates.

Shipping revenue
Shipping revenue is revenue earned from the shipment of goods to customers and is recognised on delivery of goods.

Rental income
Rental income is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Note 2. Significant accounting policies (continued)

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.

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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.

Note 2. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease 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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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.

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.

Impairment of non-financial assets

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.

Finance costs

Finance costs are expensed to profit or loss in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

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.

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 are 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 are 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, it is treated as if it has 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.

Note 2. Significant accounting policies (continued)

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.

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 2017. 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)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is not expected to be material. There are no differences with the classification under the new standard. In addition, regarding the short term receivable, the expected credit loss model is not expected to have a significant impact. The consolidated entity has not impaired the balance and is not expected to impair it due to the adoption of the new standard. The consolidated entity does not hold any derivatives.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. Based on an initial impact assessment, the new standard may delay the recognition of revenue, however, the net year on year impact is not expected to significantly impact the consolidated entity’s financial results.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the ‘operating lease’ and ‘finance lease’ classification required by AASB 117 ‘Leases’. Subject to exceptions, a ‘right-of-use’ asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a ‘right-of-use’ asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019, and the impact of its adoption will be that operating leases, such as those detailed in note 23, will be brought onto the statement of financial position with a corresponding liability”.

Note 2. Significant accounting policies (continued)

Other amending accounting standards
Other amending accounting standards and interpretations issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments.

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.

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.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure date and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Operating segments

Identification of reportable operating segments
The consolidated entity operates in one segment being the sale of luxury and artisan goods online. This operating segment is 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. There is no aggregation of operating segments.

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

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

Major customers
During the year ended 30 June 2017 (2016:Nil) there were no external customers where revenue exceeded 10% of the consolidated revenue.

Note 5. Other income

	Consolidated 2017 US$	2016 US$
Rental income	-	76,256
Interest	8,109	5,955
Income from relocation and employment assistance program	95,027	-
Other income	103,136	82,211

Note 6. Expenses

	Consolidated 2017 US$	2016 US$
Loss before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	10,387	8,786
Leasehold improvements	104,674	49,451
Machinery and equipment	10,178	11,199
Computer equipment	20,297	9,768
Total depreciation	145,536	79,204
Amortisation		
Customer list	68,189	18,622
Total depreciation and amortisation	213,725	97,826
Listing expenses include the following:		
Share-based payment listing expense	-	5,598,053
Legal and professional expenses	-	725,988
Total listing expenses	-	6,324,041
Employee benefit expenses		
Salaries and wages	2,263,337	3,390,214
Defined contribution superannuation expense	11,328	2,354
Share-based payments expense	(734,961)	1,096,753
Total employee benefit expenses	1,539,704	4,489,321
Finance costs		
Interest and finance charges paid/payable	14,498	31,399
Net loss on disposal		
Net loss on disposal of property, plant and equipment	36,718	-
Rental expense relating to operating leases		
Minimum lease payments	262,113	295,408

Note 7. Income tax expense

	Consolidated	
	2017 US$	2016 US$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,950,077)	(14,766,291)
Tax at the statutory tax rate of 34%	(1,003,026)	(5,020,539)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	(216,851)	1,991,041
	(1,219,877)	(3,029,498)
Current year tax losses not recognised	1,249,275	2,769,368
Adjustment for difference between Australian and US Tax Rate	(29,398)	260,130
Income tax expense	-	-

The statutory tax rate of 34% relates to the United States of America tax jurisdiction where the main operating entity AHAlife Holdings Inc is incorporated.

Tax losses not recognised
Unused tax losses for which no deferred tax asset has been recognised is US$36,453,208 (2016: US$32,148,984). Potential tax benefit at statutory tax rates for the tax jurisdictions amount to US$13,502,435 (2016: US$11,563,550).

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.

	Consolidated	
	2017 US$	2016 US$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Intangibles	461,261	314,966
Deferred rent	30,118	9,830
Plant and equipment	24,244	(4,344)
Inventory reserve	1,846	-
Total deferred tax assets not recognised	517,469	320,452

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2017 US$	2016 US$
Cash at bank and on hand	993,520	4,485,143
Short-term deposits	-	41,936
	993,520	4,527,079

Note 9. Current assets - trade and other receivables

	Consolidated 2017 US$	Consolidated 2016 US$
Trade receivables	56,155	-

Customers with balances past due but without provision for impairment of receivables amount to US$nil as at 30 June 2017.

Note 10. Current assets - other

	Consolidated 2017 US$	Consolidated 2016 US$
Prepayments	53,097	100,947
Income tax receivable	-	180
GST receivable	15,328	43,657
	68,425	144,784

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2017 US$	Consolidated 2016 US$
Furniture and fixtures - at cost	4,745	73,913
Less: Accumulated depreciation	(1,130)	(28,496)
	3,615	45,417
Leasehold improvements - at cost	363,580	404,713
Less: Accumulated depreciation	(147,604)	(84,593)
	215,976	320,120
Machinery and equipment - at cost	25,247	78,013
Less: Accumulated depreciation	(16,075)	(50,399)
	9,172	27,614
Computer equipment - at cost	60,644	136,818
Less: Accumulated depreciation	(28,745)	(85,030)
	31,899	51,788
	260,662	444,939

Note 11. Non-current assets - property, plant and equipment (continued)

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 2015	17,069	6,521	26,453	5,134	55,177
Additions	37,134	363,050	12,360	56,422	468,966
Depreciation expense	(8,786)	(49,451)	(11,199)	(9,768)	(79,204)
Balance at 30 June 2016	45,417	320,120	27,614	51,788	444,939
Additions	-	530	-	947	1,477
Disposals	(31,415)	-	(8,264)	(539)	(40,218)
Depreciation expense	(10,387)	(104,674)	(10,178)	(20,297)	(145,536)
Balance at 30 June 2017	3,615	215,976	9,172	31,899	260,662

Note 12. Non-current assets - intangibles

	Consolidated 2017 US$	Consolidated 2016 US$
Customer list - at cost	176,790	110,503
Less: Accumulated amortisation	(87,895)	(19,024)
	88,895	91,479

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

Consolidated	Customer list US$
Balance at 1 July 2015	-
Additions	114,833
Exchange differences	(4,732)
Amortisation expense	(18,622)
Balance at 30 June 2016	91,479
Additions	62,328
Exchange differences	3,277
Amortisation expense	(68,189)
Balance at 30 June 2017	88,895

The customer list is expected to be amortised over 12 to 18 months from 30 June 2017.

Note 13. Current liabilities - trade and other payables

	Consolidated 2017 US$	Consolidated 2016 US$
Trade payables	554,011	887,153
Accrued expenses	163,232	202,531
	717,243	1,089,684

Refer to note 18 for further information on financial instruments.

Note 14. Current liabilities - other

	Consolidated 2017 US$	Consolidated 2016 US$
Sales tax payable	5,681	3,219
Deferred rent	81,564	24,586
Deferred revenue	68,851	93,008
Deferred revenue - customer loyalty	43,036	-
Rental security deposit	57,000	-
	256,132	120,813

Note 15. Equity - contributed equity

	Consolidated			
	2017 Shares	2016 Shares	2017 US$	2016 US$
Ordinary shares - fully paid	166,140,044	164,166,811	48,917,471	48,774,468
Less: Treasury shares	(4,000,000)	(4,000,000)	(1,309,680)	(1,309,680)
	162,140,044	160,166,811	47,607,791	47,464,788

Note 15. Equity - contributed equity (continued)

Movements in ordinary share capital

Details	Date	Shares	US$
Balance	1 July 2015	12,706,006	3,368,375
Conversion of Preferred stock - Series A into ordinary shares		6,000,000	6,000,000
Conversion of Preferred stock - Series B into ordinary shares		8,364,014	16,179,605
Conversion of Preferred stock - Series C into ordinary shares		1,185,383	2,299,999
Share split in the capital reorganisation	27 July 2015	68,438,274	-
Shares and options to effect the deemed acquisition of INT Corporation Limited	27 July 2015	13,896,234	5,442,380
Shares issued on capital raising	27 July 2015	45,188,895	14,795,757
Share issued to employees-treasury shares	27 July 2015	4,000,000	1,309,680
Shares issued on exercise of options	7 August 2015	3,363,622	285,053
Shares issued on exercise of options	23 November 2015	85,384	17,688
Shares issued on exercise of options	3 December 2015	437,500	64,032
Share issued on acquisition of Bezar.com	22 April 2016	501,499	114,833
Share issue transaction costs, net of tax		-	(1,102,934)
Balance	30 June 2016	164,166,811	48,774,468
Shares issued	6 September 2016	66,289	5,563
Shares issued to senior management	6 September 2016	180,000	-
Shares issued on conversion of performance rights	6 September 2016	159,948	-
Share based payment for Corporate Advisory Services	19 October 2016	1,000,000	76,660
Shares issued on conversion of performance rights	14 December 2016	39,987	-
Shares issued on conversion of performance rights	14 December 2016	13,125	-
Share issued on acquisition of Kaufmann customer list	31 December 2016	415,535	60,780
Shares issued on conversion of performance rights	12 January 2017	10,500	-
Shares issued on conversion of performance rights	9 February 2017	2,625	-
Shares issued on conversion of performance rights	4 April 2017	42,612	-
Shares issued on conversion of performance rights	6 June 2017	42,612	-
Balance	30 June 2017	166,140,044	48,917,471

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.

Treasury shares
The company has an equity scheme pursuant to which certain employees may access a loan funded share plan ('LFSP'). The acquisition of shares by an employee in the company is fully funded by the company through the granting of a full recourse loan. The LFSP shares are held in a trust until the vesting conditions are satisfied and the loan is repaid. Unvested shares held by the trust are controlled by the company and are recorded as treasury shares representing a deduction against issued capital. These have been accounted for as a share based payment. Refer to note 30 for further details.

Share buy-back
There is no current on-market share buy-back.

Note 15. Equity - contributed equity (continued)

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 consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies in accordance with 2016 annual report.

Note 16. Equity - reserves

	Consolidated	
	2017 US$	2016 US$
Foreign currency reserve	(8,864)	(7,303)
Share-based payments reserve	659,275	1,394,236
	650,411	1,386,933

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.

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$	Total US$
Balance at 1 July 2015	-	297,483	297,483
Foreign currency translation	(7,303)	-	(7,303)
Share-based payments	-	1,096,753	1,096,753
Balance at 30 June 2016	(7,303)	1,394,236	1,386,933
Foreign currency translation	(1,561)	-	(1,561)
Share-based payments	-	(734,961)	(734,961)
Balance at 30 June 2017	(8,864)	659,275	650,411

Note 17. Equity - dividends

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

Note 18. 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 majority of customers pay upfront and the nature of the customer base has a low impact on the consolidated entity's credit risk exposure.

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.

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 - 2017	Weighted average interest rate %	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	-	554,011	-	-	-	554,011
Security deposit payable	-	57,000	-	-	-	57,000
Total non-derivatives		611,011	-	-	-	611,011

Note 18. Financial instruments (continued)

Consolidated - 2016	Weighted average interest rate %	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	-	887,153	-	-	-	887,153
Total non-derivatives		887,153	-	-	-	887,153

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

Note 19. 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 20. 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 2017 US$	Consolidated 2016 US$
Audit services - Ernst & Young		
Audit or review of the financial statements	101,250	151,486

Note 21. Commitments - operating lease receivable

	Consolidated 2017 US$	Consolidated 2016 US$
Committed at the reporting date, receivable:		
Within one year	342,855	-
One to five years	776,440	-
	1,119,295	-

Future minimum lease receivable relates to sublease payments expected for office premises under non-cancellable operating leases to 30 September 2020.

Note 22. 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 2017 (2016: US$ nil).

Note 23. Commitments

	Consolidated	
	2017	2016
	US$	US$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	355,620	233,635
One to five years	649,047	904,934
	1,004,667	1,138,569

Operating lease commitments includes contracted amounts for commercial property leases under non-cancellable operating leases expiring within five years with an option to extend. The leases rent payable escalates by 5% per annum every year from 1 October. On renewal, the terms of the leases are renegotiated.

Note 24. 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	
	2017	2016
	US$	US$
Short-term employee benefits	740,222	819,650
Post-employment benefits	12,299	1,894
Termination benefits	127,231	-
Share-based payments	(1,086,005)	1,046,272
	(206,253)	1,867,816

The remuneration above, includes negative share-based payments of US$1,168,747 which arose due to non-fulfilment of certain vesting conditions.

Note 25. Related party transactions

Parent entity
AHAlife Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Note 25. Related party transactions (continued)

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

	Consolidated 2017 US$	Consolidated 2016 US$
Payment for goods and services:		
Purchase of goods from Kaufmann Mercantile a key management personnel related entity of Sebastian Kaufmann	255,449	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2017 US$	Consolidated 2016 US$
Current payables:		
Trade payables to Kaufmann Mercantile	21,266	-

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 26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2017 US$	Parent 2016 US$
Loss after income tax	(14,314,122)	(1,876,565)
Total comprehensive income	(14,314,122)	(1,876,565)

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2017 US$	Parent 2016 US$
Total current assets	39,635	69,121
Total assets	3,641,510	18,102,986
Total current liabilities	95,789	120,279
Total liabilities	95,789	120,279
Equity		
Contributed equity	18,748,262	18,605,260
Other reserves	988,146	1,254,012
Accumulated losses	(16,190,687)	(1,876,565)
Total equity	3,545,721	17,982,707

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 2017 and 30 June 2016.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

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 27. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	Ownership interest 2016 %
AHA Life Holdings Inc.	United States of America	100%	100%
AMS Commerce LLC	United States of America	100%	100%
AHA Life LLC	United States of America	100%	100%
Mediamerx, Inc.	United States of America	100%	100%

Note 28. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2017 US$	Consolidated 2016 US$
Loss after income tax expense for the year	(2,950,077)	(14,766,291)
Adjustments for:		
Depreciation and amortisation	213,725	97,826
Net loss on disposal of property, plant and equipment	36,718	-
Share-based payments	(734,961)	1,096,753
Other expenses - non-cash	80,675	5,598,053
Financing expenses	-	725,998
Change in operating assets and liabilities:		
Increase in trade and other receivables	(56,155)	-
Decrease/(increase) in inventories	53,299	(43,341)
Decrease/(increase) in prepayments	47,850	(31,774)
Decrease/(increase) in other operating assets	28,509	(17,443)
Increase/(decrease) in trade and other payables	(377,279)	291,221
Increase in other operating liabilities	78,319	87,378
Net cash used in operating activities	(3,579,377)	(6,961,620)

Note 29. Earnings per share

	Consolidated 2017 US$	Consolidated 2016 US$
Loss after income tax attributable to the owners of AHAlife Holdings Limited	(2,950,077)	(14,766,291)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	161,446,962	155,004,779
Weighted average number of ordinary shares used in calculating diluted earnings per share	161,446,962	155,004,779
	Cents	Cents
Basic earnings per share	(1.83)	(9.53)
Diluted earnings per share	(1.83)	(9.53)

Note 30. 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.

During the financial year nil (2016: 23,187,248) options and 13,112,103 (2016: 6,635,000) performance rights were granted.

The share-based payment expense for the year was credit balance US$(734,961) (2016: US$1,096,753). The negative share-based payments during the year arose due to forfeiture of previously issued options and performance rights due to non-fulfilment of certain vesting conditions.

2017 Performance rights
1,029,795 performance rights vest over a 4 year period of continuous service with the company. 25% vests after 1 year of continuous service after the vesting commencement date, thereafter 6.25% vest every 3 months.

Note 30. Share-based payments (continued)

2,416,462 retention incentive rights are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months). Retention incentive rights have no consideration and there are no performance conditions.

9,665,846 long term incentive rights are expected to vest over a 4 year period of continuous service with the company (1/4th vest every 12 months) and become deliverable to the participant once certain financial performance milestones have been met as follows: 1/4th of the performance rights will only be delivered once the company achieves US$10 million booked sales within a rolling 12 month period, a further 1/4th of the performance rights will only be delivered once the company achieves booked sales of US$15 million within a rolling 12 month period, a further 1/4th of the performance rights will only be delivered once the company achieves $20 million booked sales within a rolling 12 month period; and a final 1/4th of the performance rights will be delivered once the company achieves positive operating cash flows within a rolling 12 month period. Performance rights have no expiry date and $Nil exercise price.

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

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/2011	22/02/2018	A$40.000	1,313	-	-	-	1,313
16/07/2014	30/06/2017	A$0.200	2,875,001	-	-	(2,875,001)	-
16/07/2014	16/07/2017	A$0.200	575,000	-	-	-	575,000
16/07/2014	16/07/2019	A$0.200	637,500	-	-	-	637,500
27/07/2015	08/11/2022	US$0.091	1,858,332	-	-	-	1,858,332
27/07/2015	18/08/2024	US$0.094	1,109,885	-	-	-	1,109,885
27/07/2015	05/10/2021	US$0.085	477,422	-	-	-	477,422
27/07/2015	26/10/2021	US$0.085	163,285	-	-	-	163,285
27/07/2015	01/06/2022	US$0.207	103,523	-	-	(60,831)	42,692
27/07/2015	08/11/2022	US$0.091	195,142	-	-	(15,930)	179,212
27/07/2015	22/03/2023	US$0.098	326,564	-	-	-	326,564
27/07/2015	31/07/2023	US$0.098	63,720	-	-	-	63,720
27/07/2015	19/08/2024	US$0.095	581,450	-	-	(254,880)	326,570
27/07/2015	27/07/2025	US$0.400	206,777	-	-	(190,871)	15,906
27/07/2015	27/07/2019	A$0.200	5,000,000	-	-	(5,000,000)*	-
27/07/2015	27/01/2020	A$0.450	4,000,000	-	-	(4,000,000)**	-
27/07/2015	27/07/2019	A$0.300	5,000,000	-	-	(5,000,000)*	-
			23,174,914	-	-	(17,397,513)	5,777,401

* Awards forfeited for accounting purposes but were legally held in escrow until 31 July 2017.
** Awards forfeited for accounting purposes but legally remain.

Note 30. Share-based payments (continued)

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/2011	22/02/2018	A$40.000	1,313	-	-	-	1,313
16/07/2014	30/06/2017	A$0.200	3,250,001	-	(375,000)	-	2,875,001
16/07/2014	16/07/2017	A$0.200	637,500	-	(62,500)	-	575,000
16/07/2014	16/07/2019	A$0.200	637,500	-	-	-	637,500
27/07/2015	08/11/2022	US$0.091	-	1,858,332	-	-	1,858,332
27/07/2015	18/08/2024	US$0.094	-	1,109,885	-	-	1,109,885
27/07/2015	05/10/2021	US$0.085	-	3,841,044	(3,363,622)	-	477,422
27/07/2015	26/10/2021	US$0.085	-	163,285	-	-	163,285
27/07/2015	01/06/2022	US$0.207	-	188,907	(85,384)	-	103,523
27/07/2015	08/11/2022	US$0.091	-	195,142	-	-	195,142
27/07/2015	22/03/2023	US$0.098	-	326,564	-	-	326,564
27/07/2015	31/07/2023	US$0.098	-	63,720	-	-	63,720
27/07/2015	19/08/2024	US$0.095	-	581,450	-	-	581,450
27/07/2015	27/07/2025	US$0.400	-	858,919	-	(652,142)	206,777
27/07/2015	27/07/2019	A$0.200	-	5,000,000	-	-	5,000,000
27/07/2015	27/01/2020	A$0.450	-	4,000,000	-	-	4,000,000*
27/07/2015	27/07/2019	A$0.300	-	5,000,000	-	-	5,000,000
			4,526,314	23,187,248	(3,886,506)	(652,142)	23,174,914

* Options granted includes 4,000,000 options issued under Loan funded share plan. Refer to note 15 for further details.

The weighted average share price during the financial year was US$0.053 A$(0.069) (2016: US$0.3513 (A$ 0.4833)).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.6 years (2016: 2.1 years).

Set out below are summaries of performance rights granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/07/2015	27/07/2019	US$1.200	5,000,000	-	-	(5,000,000)*	-
23/03/2016	N/A	N/A	1,635,000	-	-	-	1,635,000
11/08/2016	N/A	N/A	-	639,795	(279,909)	-	359,886
12/08/2016	N/A	N/A	-	200,000	-	-	200,000
05/10/2016	N/A	N/A	-	50,000	-	-	50,000
10/11/2016	N/A	N/A	-	70,000	(18,375)	-	51,625
14/11/2016	N/A	N/A	-	70,000	(13,125)	-	56,875
01/03/2017	N/A	N/A	-	2,416,462	-	-	2,416,462
01/03/2017	N/A	N/A	-	9,665,846	-	-	9,665,846
			6,635,000	13,112,103	(311,409)	(5,000,000)	14,435,694

* Awards forfeited for accounting purposes but were legally held in escrow until 31 July 2017.

Note 30. Share-based payments (continued)

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/07/2015	27/07/2019	US$1.200	-	5,000,000	-	-	5,000,000
23/03/2016	N/A	N/A	-	1,635,000	-	-	1,635,000
			-	6,635,000	-	-	6,635,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2.9 years (2016: 2 years).

The performance rights granted on during the year were valued using the share price on grant date adjusted by dividend yield.

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 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 2017 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 2017

Building a better
working world

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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 2017, the consolidated statement of 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 2017 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* (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

Without qualifying our opinion, we draw attention to Note 2 in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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 matter described below to be the key audit matter to be communicated in our report. For the 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 matter below, provide the basis for our audit opinion on the accompanying financial report.

Revenue recognition

Why significant	How our audit addressed the key audit matter
As disclosed in Note 2 to the financial report, revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which is usually on despatch of the goods, and the amount of revenue can be measured reliably. Given the volume of online retail transactions processed on a daily basis and arrangements in place with suppliers, whereby suppliers despatch goods directly to the Group's customers, the timing of when revenue is recognised 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 118 *Revenue*. - For a sample of revenue transactions we tested that the revenue was recorded in the appropriate period including 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 2017, where these related to sales recognised in the 2017 financial year. - Considered the adequacy of the revenue recognition policy disclosure contained in Note 2.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 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.

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, related safeguards.

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.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of AHAlife Holdings Limited for the year ended 30 June 2017, 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 2017

Directors	Mike Hill - Non-Executive Chairman Michael Everett - Non-Executive Director Christopher Colfer - Non-Executive Director
Key Management Personnel	Sebastian Kaufmann - Chief Executive Officer Stuart Halls - Chief Financial Officer and Chief Operating Officer
Company secretary	Andrew Whitten
Registered office	Level 29, Elizabeth Street Sydney, NSW 2000 Australia Tel: 1300 266 517 or +61 2 8072 1400
Principal place of business	147 Front Street Brooklyn, NY 11201 United States of America
Share register	Link Market Services Limited Level 4 Central Park 152 St Georges Terrace Perth, WA 6000, Australia Tel: 1300 554 474
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	http://www.ahalife.com http://www.kaufmann-mercantile.com
Corporate Governance Statement	The Corporate governance statement which is approved at the same time as the Annual Report can be found at www.ahalifeholdings.com.au/corporate-governance-and-corporate-directory/

The shareholder information set out below was applicable as at 3 August 2017.

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	Number of holders of rights over ordinary shares
1 to 1,000	2,860	-	-
1,001 to 5,000	120	-	-
5,001 to 10,000	47	-	-
10,001 to 100,000	191	8	3
100,001 and over	146	9	3
	3,364	17	6
Holding less than a marketable parcel	-	-	-

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
SHAUNA MEI	17,206,795	10.36
CITICORP NOMINEES PTY LIMITED	12,446,143	7.49
CS FOURTH NOMINEES PTY LIMITED	11,238,425	6.76
RAKUTEN USA INC	9,899,340	5.96
SACHIN DEVAND	7,535,078	4.54
UBS NOMINEES PTY LTD	5,861,047	3.53
BRISPOT NOMINEES PTY LTD	4,183,896	2.52
FOSTER STOCKBROKING NOMINEES PTY LTD	3,500,000	2.11
SST HOLDINGS INCORPORATED	3,057,416	1.84
SSC VENTURE FUND LLC	2,969,801	1.79
ONMELL PTY LTD	2,955,555	1.78
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	2,822,502	1.70
CS THIRD NOMINEES PTY LIMITED	2,586,204	1.56
TIMSTER PTY LIMITED	2,500,000	1.50
L X X X I X PTY LTD	2,445,629	1.47
E&A NEW YORK INVESTMENTS LIMITED	1,979,865	1.19
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,818,082	1.09
TEJPAUL BHATIA	1,707,726	1.03
AUSEPEN PTY LTD	1,627,167	0.98
ARCHIBALD COX	1,589,994	0.96
	99,930,665	60.16

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	9,202,401	17
Performance rights over ordinary shares issued	14,435,694	6

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
SHAUNA MEI	17,206,795	10.36
CITICORP NOMINEES PTY LIMITED	12,446,143	7.49
CS FOURTH NOMINEES PTY LIMITED	10,937,121	6.58
RAKUTEN USA INC	9,899,340	5.96

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.