

1. Company details

Name of entity:	AHALife Holdings Limited
ABN:	15 006 908 701
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

2. Results for announcement to the market

				US\$
Revenues from ordinary activities	up	0.4%	to	3,057,741
Loss from ordinary activities after tax attributable to the owners of AHALife Holdings Limited	down	53.7%	to	(1,302,766)
Loss for the half-year attributable to the owners of AHALife Holdings Limited	down	53.7%	to	(1,302,766)

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\$1,302,766 (31 December 2016: US\$2,811,441).

For further commentary please refer to the ASX announcement accompanying this Appendix 4D.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.21	1.24

4. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

Details of attachments

The Interim Report of AHALife Holdings Limited for the half-year ended 31 December 2017 is attached.

6. Signed



Michael Hill
Chairman

28 February 2018
Sydney

AHAlife Holdings Limited
ABN 15 006 908 701

Interim Report - 31 December 2017

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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 half-year ended 31 December 2017.

Directors

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

Michael Hill - Chairman

Michael Everett

Christopher Colfer

Arnaud Massenet

Appointed on 1 October 2017

Principal Activities

During the financial half-year the principal continuing activity of the consolidated entity was the online sale of premium lifestyle items from independent and emerging brands via the Company's proprietary marketplace technology platform.

The consolidated entity owns and operates eCommerce marketplaces that connect emerging designers with discerning consumers seeking premium lifestyle goods. The consolidated entity comprises two lifestyle marketplaces (**ahalife.com** and **kaufmann-mercantile.com**) focused on quality products in the categories; **Jewellery & Accessories, Home & Dining and Beauty & Wellness**. Customers can select from a virtual catalogue of over 60,000 items from 4,000+ hand-selected independent & emerging designers from all over the world, shipping directly to the customer without the need for the Company to hold inventory.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to US\$1,302,766 (31 December 2016: US\$2,811,441).

During the half year, the company made a significant reduction in its cash burn as it continues on a path toward profitability. This was demonstrated with a 36% or US \$1.5M reduction in overheads in the six months to December 2017 against the prior corresponding period ("pcp") and a 54% improvement in Loss after income tax.

Key Metrics

- +20% operational improvement in customer cancellations & returns to 6.1% from 7.6% pcp .
- +68% improvement in conversion rates to 1.12% from 0.67% pcp
- Employee benefit expense reduction of 57% to US\$851k (31 December 2016: \$2.0M).
- Cash & cash equivalents on hand at 31 December 2017 of US\$5,229,988.

For further commentary please refer to the ASX announcement accompanying this Directors' report.

Going Concern

The directors consider the consolidated entity to be a going concern. The attached financial statements detail the performance and financial position of the consolidated entity's half-year ended 31 December 2017. It also contains an independent auditor's review report.

Significant changes in the state of affairs

The consolidated entity successfully completed a capital raising of US\$5,227,992

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, consisting of a series of stylized, overlapping loops and curves, followed by a period.

Michael Hill
Chairman

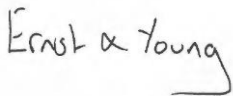
28 February 2018
Sydney

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

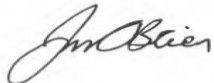
As lead auditor for the review of AHAlife Holdings Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Julian M. O'Brien
Partner
28 February 2018

AHALife Holdings Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017


	Note	Consolidated	
		31 Dec 17	31 Dec 16
		US\$	US\$
Revenue			
Sale of goods		2,807,413	2,867,459
Shipping revenue		250,328	178,662
Total sales revenue		3,057,741	3,046,121
Cost of goods sold		(1,840,761)	(1,627,504)
Gross margin		1,216,980	1,418,617
Other revenue	4	190,572	27,110
Expenses			
Employee benefit expenses		(851,019)	(1,972,201)
Marketing expenses		(724,820)	(852,908)
Technology expenses		(154,538)	(250,475)
Freight and warehousing expenses		(377,147)	(354,279)
Occupancy and administrative expenses		(391,752)	(338,008)
Professional fees		(95,488)	(291,790)
Depreciation and amortisation expenses		(95,909)	(98,175)
Other expenses		(14,963)	(93,335)
Finance costs		(4,682)	(5,997)
Loss before income tax expense		(1,302,766)	(2,811,441)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of AHALife Holdings Limited		(1,302,766)	(2,811,441)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(5,312)	(6,796)
Other comprehensive income for the half-year, net of tax		(5,312)	(6,796)
Total comprehensive income for the half-year attributable to the owners of AHALife Holdings Limited		(1,308,078)	(2,818,237)
		Cents	Cents
Basic earnings per share	11	(0.35)	(1.75)
Diluted earnings per share	11	(0.35)	(1.75)

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

AHAlife Holdings Limited
Statement of financial position
As at 31 December 2017



	Note	Consolidated	
		31 Dec 17	30 Jun 17
		US\$	US\$
Assets			
Current assets			
Cash and cash equivalents	5	5,229,988	993,520
Trade Debtors		50,473	56,155
Inventories		90,060	71,169
Other current assets		98,692	68,425
Total current assets		<u>5,469,213</u>	<u>1,189,269</u>
Non-current assets			
Property, plant and equipment		204,085	260,662
Intangibles		53,454	88,895
Security deposits		57,670	58,695
Total non-current assets		<u>315,209</u>	<u>408,252</u>
Total assets		<u>5,784,422</u>	<u>1,597,521</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,280,516	717,243
Deferred revenue		183,917	111,887
Other current liabilities		121,340	144,245
Total current liabilities		<u>1,585,773</u>	<u>973,375</u>
Non-current liabilities			
Lease make-good provision		68,000	68,000
Total non-current liabilities		<u>68,000</u>	<u>68,000</u>
Total liabilities		<u>1,653,773</u>	<u>1,041,375</u>
Net assets		<u>4,130,649</u>	<u>556,146</u>
Equity			
Contributed equity	7	52,499,914	47,607,791
Reserves	8	635,557	650,411
Accumulated losses		(49,004,822)	(47,702,056)
Total equity		<u>4,130,649</u>	<u>556,146</u>

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

AHALife Holdings Limited
Statement of changes in equity
For the half-year ended 31 December 2017



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 half-year	-	-	(2,811,441)	(2,811,441)
Other comprehensive income for the half-year, net of tax	-	(6,796)	-	(6,796)
Total comprehensive income for the half-year	-	(6,796)	(2,811,441)	(2,818,237)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	143,003			143,003
Share-based payments	-	693,401	-	693,401
Balance at 31 December 2016	<u>47,607,791</u>	<u>2,073,538</u>	<u>(47,563,420)</u>	<u>2,117,909</u>
Consolidated	Contributed equity US\$	Reserves US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 July 2017	47,607,791	650,411	(47,702,056)	556,146
Loss after income tax expense for the half-year	-	-	(1,302,766)	(1,302,766)
Other comprehensive income for the half-year, net of tax	-	(5,312)	-	(5,312)
Total comprehensive income for the half-year	-	(5,312)	(1,302,766)	(1,308,078)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	4,892,123	-	-	4,892,123
Share-based payments	-	(9,543)	-	(9,543)
Balance at 31 December 2017	<u>52,499,914</u>	<u>635,557</u>	<u>(49,004,822)</u>	<u>4,130,649</u>

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

AHAlife Holdings Limited
Statement of cash flows
For the half-year ended 31 December 2017



	Consolidated	
	31 Dec 17	31 Dec 16
	US\$	US\$
Cash flows from operating activities		
Receipts from customers	3,162,976	3,016,681
Payments to suppliers and employees	(4,003,228)	(5,035,126)
Interest received	112	110
Other income	190,460	27,000
Interest and other finance costs paid	(4,682)	(5,997)
Net cash used in operating activities	(654,362)	(1,997,332)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,319)	(530)
Payments for security deposits	-	(295)
Proceeds from release of security deposits	1,025	-
Net cash used in investing activities	(1,294)	(825)
Cash flows from financing activities		
Proceeds from issue of shares	5,227,992	-
Share issue transaction costs	(335,868)	-
Net cash from/(used in) financing activities	4,892,124	-
Net increase/(decrease) in cash and cash equivalents	4,236,468	(1,998,157)
Cash and cash equivalents at the beginning of the financial half-year	993,520	4,527,079
Cash and cash equivalents at the end of the financial half-year	5,229,988	2,528,922

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 ('company' or 'parent') as a consolidated entity consisting of AHAlife Holdings Limited and the entities it controlled at the end of, or during, the half-year ('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 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
c/- Whittens & McKeough 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 28th February 2018. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised 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 during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

Note 2. Significant accounting policies (continued)

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

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, including AASB 9, AASB 15, and AASB 16, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, has not changed since prior year. The consolidated entity will adopt the new Standards from the date as required per the Standards.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment being the sale of premium artisan goods online. The 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.

Note 4. Other revenue

	Consolidated	
	31 Dec 17 US\$	31 Dec 16 US\$
Rental income	171,000	-
Interest	112	110
Other	19,460	27,000
Other revenue	<u>190,572</u>	<u>27,110</u>

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 17 US\$	30 Jun 17 US\$
Cash at bank and on hand	<u>5,229,988</u>	<u>993,520</u>
	<u>5,229,988</u>	<u>993,520</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 17 US\$	30 Jun 17 US\$
Trade payables	1,070,058	554,011
Accrued expenses	180,719	163,232
Other payables	29,739	-
	<u>1,280,516</u>	<u>717,243</u>

Note 7. Equity - contributed equity

	Consolidated			
	31 Dec 17 Shares	30 Jun 17 Shares	31 Dec 17 US\$	30 Jun 17 US\$
Ordinary shares - fully paid	680,992,503	166,140,044	53,809,595	48,917,471
Less: Treasury shares	(4,000,000)	(4,000,000)	(1,309,680)	(1,309,680)
	<u>676,992,503</u>	<u>162,140,044</u>	<u>52,499,915</u>	<u>47,607,791</u>

Movements in ordinary share capital

Details	Date	Shares	US\$
Balance	1 July 2017	166,140,044	48,917,471
Shares issued on vesting of performance rights	25 July 2017	32,625	-
Shares issued on capital raising	28 September 2017	40,773,748	416,520
Shares issued on capital raising	18 October 2017	336,768,942	3,435,851
Shares issued on capital raising	25 October 2017	124,446,768	1,248,948
Shares issued on capital raising	20 December 2017	12,724,026	126,673
Shares issued on vesting of performance rights	22 December 2017	106,350	-
Share issue transaction costs, net of tax		-	(335,868)
Balance	31 December 2017	<u>680,992,503</u>	<u>53,809,595</u>

Note 8. Equity - reserves

	Consolidated	
	31 Dec 17	30 Jun 17
	US\$	US\$
Foreign currency translation reserve	(14,176)	(8,864)
Share-based payments reserve	649,733	659,275
	<u>635,557</u>	<u>650,411</u>

Note 9. Equity - dividends

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

Note 10. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to 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 11. Earnings per share

	Consolidated	
	31 Dec 17	31 Dec 16
	US\$	US\$
Loss after income tax attributable to the owners of AHAlife Holdings Limited	<u>(1,302,766)</u>	<u>(2,811,441)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>367,316,831</u>	<u>160,834,753</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>367,316,831</u>	<u>160,834,753</u>
	Cents	Cents
Basic earnings per share	(0.35)	(1.75)
Diluted earnings per share	(0.35)	(1.75)

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-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.

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

On behalf of the directors



Michael Hill
Chairman

28 February 2018
Sydney

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AHAlife Holdings Limited, which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

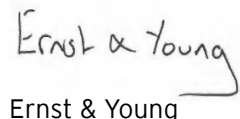
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AHAlife Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

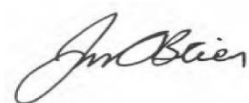
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Ernst & Young



Julian M. O'Brien
Partner
Sydney
28 February 2018

Directors	Michael Hill - Chairman Michael Everett - Non-Executive Director Christopher Colfer - Non-Executive Director Arnaud Massenet - Non-Executive Director
Company secretary	Andrew Whitten
Registered office	c/- Whittens & McKeough Level 29, 201 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 12 250 St Georges Terrace Perth, WA 6000 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	www.ahalife.com www.kaufmann-mercantile.com