ASX Announcement

29 August 2017

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Appendix 4D and Half-year Financial Report

Eagle Health Holdings Limited (ASX: EHH) lodges the attached Appendix 4D and the half-year Financial Report for the period ended 30 June 2017.

This document contains all the half-year information required by ASX LR 4.2A. The information enclosed should be read in conjunction with the most recent annual financial report.

Eagle Health Holdings Limited Communications and Investor Relations:

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Appendix 4D

1. Company Details

Name of Entity: Eagle Health Holdings Limited

ABN: 62 616 382 515

Half year ended ("current period"): 30 June 2017

Half year ended ("previous period"): 30 June 2016

2. Results for announcement to the market

2.1	Revenues from continuing operations	Up	8.7% to	$35,836,742
2.2	Profit / (Loss) from continuing operations after tax attributable to members	Down	15.5% to	$4,958,544
2.3	Net Profit / (Loss) for the period attributable to members	Down	15.5% to	$4,958,544

2.4 Dividends

The Directors of Eagle Health Holdings Limited are pleased to announce that it has declared an unfranked final dividend for the financial year ending 31 December 2016 of 0.5 cents per share. The dividend will be paid on 12 October 2017 to all shareholders registered on the record date of 15 September 2017. The ex-dividend date for dividend entitlement will be 14 September 2017.

2.5 Record date for determining entitlements to the dividend: 15 September 2017

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood

As a result, revenue for the half-year ended 30 June 2017 was $35.8 million, representing an increase of 8.7% on the comparative period of 2016. The increase in revenue was mainly attributable to the increase in sales of EHH health products following a significant increase in marketing spend. Gross profit margin held steady at above 50%. NPAT decreased by 15.5% on corresponding period of 2016 to $5 million, which was impacted by costs associated with the initial public offering of the company in June 2017.

3. Net tangible assets per security

30 June 2017: 15.12 cents
30 June 2016: n/a

4. Details of entities over which control has been gained or lost

4.1 Control gained over entities

Pursuant to a share swap agreement on 10 February 2017, EHH acquired 100% of shares in Enjoyhu International Co., Limited and its controlled entities ("Enjoyhu Group") including Xiamen Olibo Trade Co., Ltd, and Xiamen Eagle Don Pharmaceuticals Co., Ltd, companies incorporated in PRC. Australian Ecological Valley Pty Ltd, a company incorporated in Australia on 14 December 2016 is 100% owned and controlled by Eagle Health Holdings Limited ("EHH").

4.2 Control lost over entities:

N/A

5. Dividends

Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	12 October 2017	0.5 cents	0 cents	0.5 cents
Previous year	N/A	N/A	N/A	N/A

6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

EHH has established a Dividend Reinvestment Plan, details of which are detailed in the Company's ASX announcement dated 29 August 2017.	
The last date(s) for receipt of election notices for the dividend or distribution plans.	5pm (AEST) 27 September 2017

7. **Details of associates and joint entities:** N/A

8. **Foreign entities**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 *"Interim Financial Reporting"* and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

Adjustments have been made to the non-Australian entities within the Group to ensure compliance with Australia Accounting Standards.

9. **If the accounts are subject to audit dispute or qualification, details are described below.**

N/A

Sign here: Date: 29 August 2017

Non-Executive Chairman

Print Name: Andrew Thomson

EAGLE HEALTH HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES

ABN 62 616 382 515

HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
30 JUNE 2017

Contents

Corporate Information

Eagle Health Holdings Limited Shares (ASX Code: EHH)

Directors
Mr Andrew Thomson, Non-Executive Chairman
Mr Mingwang Zhang, Executive Director
Ms Linxiang Chen, Executive Director
Ms Yuhong Liu, Non-Executive Director
Mr Andrew Smith, Non-Executive Director
Mr Rodney Hannington, Non-Executive Director

Company Secretary
Mr Justyn Stedwell
Mr Michael Beer

Registered Office
Level 23
530 Collins Street
Melbourne VIC 3000

Share Registry
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Banker
ANZ
Collins Place
55 Collins Street
Melbourne VIC 3000

Auditor
Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide SA 5000

Website Address
www.eaglehealthltd.com

All monetary amounts in this report are in Australian dollars unless stated otherwise.

The financial year begins on 1 January and ends on 31 December each year.

Directors' Report

The Directors of Eagle Health Holdings Limited (EHH or the Company) present their Report together with the financial statements of the Consolidated Entity, being EHH and its Controlled Entities ('the Group') for the half-year ended 30 June 2017.

Director details

The following persons were Directors of EHH during or since the end of the financial half-year:

Directors	Appointment Date
Mr Andrew Thomson, Non-Executive Chairman	31 January 2017
Mr Mingwang Zhang, Executive Director	9 December 2016
Ms Linxiang Chen, Executive Director	31 January 2017
Ms Yuhong Liu, Non-Executive Director	31 January 2017
Mr Andrew Smith, Non-Executive Director	9 December 2016
Mr Rodney Hannington, Non-Executive Director	31 January 2017

Joint Company secretaries

Mr Justyn Stedwell (appointed on 8 February 2017)
Mr Michael Beer (appointed on 21 April 2017)

Principal activities

The Company is principally engaged in developing, manufacturing, marketing and distributing health food products and nutritional and dietary supplements in China.

Review of operations and financial results

During the first half of 2017, health food products and nutritional and dietary supplements experienced another round of growth thanks to on-going changes in lifestyle of the Chinese middle class and supportive policies of the Chinese Government.

As a result, revenue for the half-year ended 30 June 2017 was $35.8 million, representing an increase of 8.7% on the comparative period of 2016. The increase in revenue was mainly attributable to the increase in sales of EHH health products following a significant increase in marketing spend. Gross profit margin held steady at above 50%. NPAT decreased by 15.5% on corresponding period of 2016 to $5 million, which was impacted by costs associated with the initial public offering of the company in June 2017.

The Group successfully listed on the Australian Securities Exchange ('ASX') on 3 July 2017 following the completion of a capital raising of $25,012,600 through the issue of 62,531,500 shares at an issue price of $0.40 per share

The Group had cash on hand of $32.1 million as at 30 June 2017.

Directors' Report (Cont'd)

Events occurring after balance date

On 10 July 2017, the Group announced that it has signed a Term Sheet agreement with Biovite Australia Pty Ltd (Biobite), as subsidiary of Xerion Limited ("Xerion"), to distribute Biovite's dermatological range of efficacious anti-fungal products throughout the extensive foot spa industry in China under Eagle Health's dedicated Australian sourcing brand, Ecological Valley.

On 16 August 2017, the Group announced that it has signed a Term Sheet with Omni Innovation Pty ltd (Omni) to exclusively manufacture, market and distribute Omni's pre-meal shake product for Type 2 diabetes and Pre-Type 2 diabetes throughout mainland China.

On 29 August 2017, the Group announced that it has declared an unfranked final dividend for the financial year ending 31 December 2016 of 0.5 cents per share. The dividend will be paid on 12 October 2017 to all shareholders registered on the record date of 15 September 2017. The ex-dividend date for dividend entitlement will be 14 September 2017.

Other than the above matters or mentioned elsewhere in the Half Year Financial Report, there has not been in the period since 30 June 2017 and up to the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 4 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

Andrew Thomson
Non-Executive Chairman
29 August 2017

Grant Thornton

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Auditor's Independence Declaration
to the Members of Eagle Health Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Eagle Health Holdings Limited for the half-year ended 30 June 2017, I declare that, 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Revenue		35,836,742	32,953,662
Cost of goods sold		(17,212,774)	(15,199,210)
Gross profit		**18,623,968**	**17,754,452**
Other revenues		11,869	58,787
Sales and marketing expenses		(6,550,584)	(6,175,932)
Distribution and freight expenses		(1,408,628)	(1,238,699)
Research and development expenses		(1,477,480)	(1,286,980)
Other expenses	9	(2,345,592)	(874,280)
Finance costs		(185,412)	(432,528)
Profit before income tax		**6,668,141**	**7,804,820**
Income tax expense		(1,709,597)	(1,934,570)
Profit for the period		**4,958,544**	**5,870,250**
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Exchange difference on translating foreign operations		(828,915)	(1,154,030)
Total comprehensive income for the period		**4,129,629**	**4,716,220**
Earnings per share on profit attributable to ordinary equity holders			
Basic earnings per share (cents per share)	7	2.53	3.02
Diluted earnings per share (cents per share)	7	2.53	3.02

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017	31 December 2016
		$	$
Current assets			
Cash and cash equivalents	8	32,063,243	5,186,517
Trade and other receivables		11,839,595	14,983,367
Inventories		2,563,528	2,014,486
Total current assets		46,466,366	22,184,370
Non-current assets			
Property, plant and equipment	10	10,554,302	11,717,880
Land use rights		449,800	474,622
Total non-current assets		11,004,102	12,192,502
Total assets		**57,470,468**	**34,376,872**
Current liabilities			
Trade and other payables		4,199,452	6,946,814
Financial liabilities	11	5,259,868	5,477,260
Current tax liabilities		748,123	1,704,086
Total current liabilities		10,207,443	14,128,160
Total liabilities		**10,207,443**	**14,128,160**
Net assets		**47,263,025**	**20,248,712**
Equity			
Issued capital	12	24,883,684	1,999,000
Reserves	13	(921,227)	(92,312)
Retained earnings		23,300,568	18,342,024
Total equity		**47,263,025**	**20,248,712**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

	Issued Capital $	Reserves $	Retained earnings $	Total $
Balance at 1 January 2016	**1,999,000**	**1,167,500**	**16,596,263**	**19,762,763**
Profit after income tax for the period	-	-	5,870,250	**5,870,250**
Other comprehensive income for the period	-	(1,154,030)	-	**(1,154,030)**
Total comprehensive income for the period	**-**	**(1,154,030)**	**5,870,250**	**4,716,220**
Dividend paid (Pre-business reconstruction (Refer Note 5))	-	-	(11,994,000)	**(11,994,000)**
Transaction with owners in their capacity as owners	**-**	**-**	**(11,994,000)**	**(11,994,000)**
Balance at 30 June 2016	**1,999,000**	**13,470**	**10,472,513**	**12,484,983**
Balance at 1 January 2017	**1,999,001**	**(92,312)**	**18,342,024**	**20,248,713**
Profit after income tax for the period	-	-	4,958,544	**4,958,544**
Other comprehensive income for the period	-	(828,915)	-	**(828,915)**
Total comprehensive income for the period	**-**	**(828,915)**	**4,958,544**	**4,129,629**
Issuance of share capital, net of related issuance costs	22,884,683	-	-	**22,884,683**
Transaction with owners in their capacity as owners	**22,884,683**	**-**	**-**	**22,884,683**
Balance at 30 June 2017	**24,883,684**	**(921,227)**	**23,300,568**	**47,263,025**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half year ended 30 June 2017

	Note	30 June 2017 $	30 June 2016 $
Cash flows from operating activities			
Receipts from customers		45,667,447	46,164,398
Payments to suppliers and employees		(37,663,363)	(32,300,303)
Government grant received		-	45,083
Finance costs		(185,412)	(432,528)
Interest received		11,869	13,704
Income tax paid		(2,733,196)	(2,782,818)
Net cash provided by operating activities		**5,097,345**	**10,707,536**
Cash flows from investing activities			
Receipt from disposal of investment held for sale		-	4,504,045
Purchase of property, plant and equipment		(7,212)	(85,743)
Net cash used in investing activities		**(7,212)**	**4,418,302**
Cash flows from financing activities			
Repayment of borrowings		(434,783)	(2,113,441)
Proceeds from issuance of shares		25,012,609	-
Payments of costs relating to issuance of shares		(2,329,287)	-
Dividend paid (pre-IPO)		-	(11,994,000)
Repayment to related parties		386	-
Net cash provided by financing activities		**22,248,925**	**(14,107,441)**
Net change in cash held		27,339,058	1,018,397
Cash at beginning of the period		5,186,517	3,726,579
Effect of exchange rates on cash holdings in foreign currencies		(462,332)	(498,689)
Cash and cash equivalents at end of the period	**8**	**32,063,243**	**4,246,287**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. General Information

Eagle Health Holdings Limited (the Company) is a for-profit public company listed on the Australian Securities Exchange (ASX: EHH), incorporated in Australia on 9 December 2016.

The principal activities of the Company and its subsidiaries (the Group) during the course of half-year were developing, manufacturing, marketing and distributing health food products and nutritional and dietary supplements in China.

The Group operates in one segment being the manufacturing and distribution of nutritional products via its main operating subsidiary, Xiamen Eagle Don Pharmaceutical Co., Limited. The Group operates predominately in one geographical area where sales revenue is generated and non-current assets are located, being the People's Republic of China.

There were no other significant changes in the nature of the Group's principal activities during the half-year of 2017.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2017 and are presented in Australian Dollars ($AUD), which is the functional and presentational currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 29 August 2017.

3. New and revised standards that are effective for these financial statements

3.1 New and revised standards that are effective for these financial statements

The Group applied a number of amendments to accounting standards applicable for the first time for the financial year beginning 1 January 2017.

The amendments below did not impact the consolidated financial statements and disclosures of the Group:

- *AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

In addition, several other standard amendments and interpretations were applicable for the first time in 2017, but were not relevant to the Group and do not impact the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements (Cont'd)

3. New and revised standards that are effective for these financial statements (Cont'd)

3.2 Accounting Standards issued but not yet effective and not been adopted early by the Group

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half-year 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, as set out below.

AASB 9 Financial Instruments (December 2014) (Application date: 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. The group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers (Application date: 1 January 2018)

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 16 Leases (Application date: 1 January 2019)

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies

a. Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

b. Principle of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Eagle Health Holdings Limited. A controlled entity is any entity that Eagle Health Holdings Limited has the power to control the financial and reporting policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 17 to the financial statements. All controlled entities have a December financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year, where controlled entities have entered the Group during the year, their operating results have been included as if the combination had taken place at the beginning of the earliest comparative period presented.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Business Combination

Eagle Health Holdings Limited ("EHH") was incorporated in Australia on 9 December 2016 to act as the ultimate holding company of the Group. Pursuant to a share swap agreement on 10 February 2017, EHH acquired 100% of shares in Enjoyhu International Co., Limited and its controlled entities ("Enjoyhu Group").

Eagle Health Holdings Limited (EHH), Enjoyhu International Co, Ltd (Enjoyhu), Xiamen Olibo Trading Co., Ltd (Olibo) and Xiamen Eagledon Pharmaceutical Co., Ltd (Eagledon) were owned and controlled by the same shareholders before and after the business reconstruction. Through this transaction effective control of Enjoyhu Group passed to the shareholders of EHH. The transaction is the one referred to in *AASB 3 Business Combinations* as common control transaction, as the nature and substance of this transaction is a group restructure where following the restructure EHH took control of Enjoyhu Group with no change in underlying control.

Business combination involving entities under common control is scoped out under *AASB 3 Business* Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop an accounting policy. The two most common methods utilised are the purchase method and the pooling of interest-type method (predecessor value method).

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

Management has determined the pooling of interest-type method to be the most appropriate. The pooling of interest-type method requires the financial statements to be prepared using the predecessor book value without any step up to fair value. The difference between any consideration given and aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings/reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the combination had occurred from the date when the combining entities first came under the control of the controlling process.

All transaction costs incurred in relation to the business reconstruction are expensed to profit and loss. The business combination was performed and completed during 2017.

Comparative Financial Statement Presentation

The consolidated financial statements can be presented using one of two methods. The first method, being the consolidated financial statements can incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined. Alternatively the consolidated financial statements can incorporate acquired entity's results only from the date on which the transaction occurred.

Management has determined to use option one – reporting comparatives as if the Group had always been combined.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (benefit).

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property, Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

e. Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate	Residual Value	Depreciation Basis
Office equipment	3 – 5 years	5%	Straight line
Manufacturing equipment	5 – 20 years	5%	Straight line
Motor vehicle	4 – 10 years	5%	Straight line
Buildings	20 years	5%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis on normal operating capacity. Costs are assigned on the basis of weighted average costs.

g. Leases

Operating lease

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Leases of land – land use rights

Land use rights represent up-front payments to relevant government authorities for long-term interests for usage of land. Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation of land-use rights is calculated using the straight line method to allocate the cost of land use-rights over its estimated useful life. Land use rights have been presented separately within 'Land-use rights' in the statement of financial position.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

h. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial instruments are classified and measured as set out below.

Effective interest rate method
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

Financial assets at fair value through profit or loss
Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments
These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly in equity.

Financial liabilities
The Group's financial liabilities include trade and other payables and short-term borrowings. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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

Impairment of financial assets
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

i. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

k. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

l. Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of value added tax (VAT) and goods and services tax (GST).

m. Borrowing Costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

n. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid according to term.

o. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

p. Value Added Tax (VAT) / Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of VAT and GST, except where the amount of VAT and GST incurred is not recoverable from the Local Taxation Office. In these circumstances, the VAT and GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of VAT and GST.

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

q. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

r. Land use rights

Land use rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation of land-use rights is calculated using the straight line method to allocate the cost of land use-rights over its estimated useful life. The cost represents up-front payments to relevant government authorities for long-term interests for usage of land.

s. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

Group Companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss in the period in which the operation is disposed.

t. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Consolidated Financial Statements (Cont'd)

4. Significant accounting policies (Cont'd)

Diluted earnings per share

Diluted earnings per share adjust the figures used to determine 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.

u. Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates — Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates — Estimation of useful lives and residual value of assets

The Group determine the estimated useful lives, residual values and related depreciation and amortisation charges for its land use rights and property, plant and equipment. The useful life and residual values could change significantly as a result of technical innovations or some other events. 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.

Key judgement – Land use rights

The Group have assessed and classified the land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the land right term. The directors have classified the unamortised upfront payment for the land use rights as finance leases in accordance with AASB 117 Leases. Land use rights have been presented within 'land-use rights' in the statement of financial position.

Notes to the Consolidated Financial Statements (Cont'd)

5. Business Reconstruction

Pursuant to a share swap agreement on 10 February 2017, 100% of shares in Enjoyhu International Co., Limited and its controlled entities ("Enjoyhu Group") was transferred to Eagle Health Holdings Limited.

Eagle Health Holdings Limited (EHH), Enjoyhu International Co, Ltd (Enjoyhu), Xiamen Olibo Trading Co., Ltd (Olibo) and Xiamen Eagledon Pharmaceutical Co., Ltd (Eagledon) were owned and controlled by the same shareholders before and after the business reconstruction. Through this transaction effective control of Enjoyhu Group passed to the shareholders of EHH. The transaction is the one referred to in *AASB 3 Business Combinations* as common control transaction, as the nature and substance of this transaction is a group restructure where following the restructure EHH took control of Enjoyhu Group with no change in underlying control (Refer: Note 4b).

EHH was incorporated specially for the purpose of listing on the Australian Securities Exchange ('ASX'), the fair value of the equity instruments issued has been estimated by reference to the value of historical (Enjoyhu Group) net assets as of 31 December 2016.

The following has been extracted from the audited financial information of Enjoyhu Group as at 31 December 2016 and converted to Australian Dollars from Chinese Renminbi

The assets and liabilities of Enjoyhu Group as at 31 December 2016 were:

	$
Cash and cash equivalents	5,186,517
Trade and other receivables	14,983,367
Inventory	2,014,486
Property, Plant and Equipment	11,717,880
Intangibles	474,622
Trade and other payables	(6,946,814)
Financial liabilities	(5,477,260)
Current tax liabilities	(1,704,086)
Total net assets acquired	**20,248,712**
Accounted for as:	
Issued capital	1,999,000
Reserves	(92,312)
Retained earnings	18,342,024
	20,248,712

Notes to the Consolidated Financial Statements (Cont'd)

6. Segment Reporting

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the CODM in allocating resources and have concluded at this that there are no separately identifiable segments as there is currently no discrete financial information by the chief operation decision maker.

The Group operates in one segment being the manufacturing and distribution of nutritional products via its main operating subsidiary, Xiamen Eagle Don Pharmaceutical Co., Limited.

The Group operates predominately in one geographical area where sales revenue is generated and non-current assets are located, being the People's Republic of China. The Group assets and liabilities are not specifically allocated to operating segments.

7. Earnings per share

Both the basic earnings per share have been calculated using the profit attributable to shareholders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2017:

	30 June 2017	30 June 2016
Profit used to calculate basic EPS	4,958,544	5,870,250
Weighted average number of shares used in basic and diluted EPS	195,834,034	194,444,445

Eagle Health Holdings Limited was incorporated on 9 December 2016 with 1 ordinary share. Pursuant to a share swap agreement on 10 February 2017, Eagle Health Holdings Limited issued additional 249,999,999 ordinary shares to the existing shareholders of Enjoyhu International as purchase consideration for 100% of the share capital of Enjoyhu International. Given the nature of the business combination that occurred during the period, the EPS calculation for 30 June 2016 is based on the current period weighted average number of shares prior to the issue of shares in relation to the listing on the Australian Securities Exchange ('ASX').

Notes to the Consolidated Financial Statements (Cont'd)

8. Cash and cash equivalents

	30 June 2017	31 December 2016
	$	$
Cash on hand	20,865	19,560
Cash at bank	32,042,378	5,166,957
Total	**32,063,243**	**5,186,517**

Cash at bank and on hand balances as at 30 June 2017 includes Chinese Renminbi denominated equivalent balances of $9.50 million (2016: $5.17 million) which are held with reputable financial institutions in the People's Republic of China in current accounts.

The Renminbi is not freely convertible into foreign currencies. Under the PRC (People's Republic of China) Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The exchange rate of RMB is determined by the government of the PRC and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

9. Other Expenses

	30 June 2017	30 June 2016
	$	$
Travelling expenses	250,223	8,168
Hospitality expenses	398,295	47,341
Consultant expenses	140,577	18,125
Capital raising expense	436,556	-
Other expenses	1,119,941	800,646
Total	**2,345,592**	**874,280**

Notes to the Consolidated Financial Statements (Cont'd)

10. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period is as follows:

	Machinery and Office Equipment	Buildings	Motor Vehicles	Total
	$	$	$	$
1 January 2016	**5,430,121**	**8,016,101**	**174,561**	**13,620,783**
Additions	52,953	-	214,466	**267,419**
Disposals	-	-	-	**-**
Depreciation charges	(874,649)	(530,686)	(58,272)	**(1,463,607)**
Exchange differences	(277,147)	(418,225)	(11,343)	**(706,715)**
31 December 2016	**4,331,278**	**7,067,190**	**319,412**	**11,717,880**
1 January 2017	**4,331,278**	**7,067,190**	**319,412**	**11,717,880**
Additions	7,212	-	-	**7,212**
Disposals	-	-	-	**-**
Depreciation charges	(417,921)	(252,643)	(38,555)	**(709,119)**
Exchange differences	(169,913)	(279,268)	(12,490)	**(461,671)**
30 June 2017	**3,750,656**	**6,535,279**	**268,367**	**10,554,302**

11. Financial liabilities

The financial liabilities of the Group include the following:

	30 June 2017	31 December 2016
	$	$
Current		
Short term borrowings	5,259,868	5,477,260
Total	**5,259,868**	**5,477,260**

*Short term borrowings are secured by buildings owned by the Group (Refer Note 10). Personal guarantees are also provided by Mr. Mingwang Zhang and Ms. Linxiang Chen (Shareholders/Directors of the Group) and also by a non-related party entity.

**Interest is payable on rates between 6.70% to 7.20% per annum for the current financial year (2016: 6.7% p.a. to 7.8% p.a.).

Notes to the Consolidated Financial Statements (Cont'd)

12. Issued capital

	30 June 2017 No. of shares	31 December 2016 No. of shares	30 June 2017 $ [4]	31 December 2016 $ [4]
Fully paid ordinary shares [1]				
Balance at beginning of the period/incorporation [2]	1	-	1	-
Acquisition of Enjoyhu International [2]	249,999,999	-	1,999,000	-
Shares issue, net of related issuance expenses [3]	62,531,500	1	22,884,683	1
End of the period	312,531,500	1	24,883,684	1

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(2) Eagle Health Holdings Limited was incorporated on 9 December 2016 with 1 ordinary share. Pursuant to a share swap agreement on 10 February 2017, Eagle Health Holdings Limited issued additional 249,999,999 ordinary shares to the existing shareholders of Enjoyhu International as purchase consideration for 100% of the share capital of Enjoyhu International. Issued capital amount of $1,999,000 has been disclosed in prior period (June 2016) comparatives. Refer Note 4(b) and Note 5.

(3) The issue of 62,531,500 ordinary shares at an issue price of $0.40 per share pursuant to a public offer on the ASX net of related issuance expenses of $2,127,917.

(4) Note represents movement in the legal parent company's issued capital.

13. Reserves

	30 June 2017 $	31 December 2016 $
Statutory reserve	999,500	999,500
Foreign currency translation reserve	(1,920,727)	(1,091,812)
Total	(921,227)	(92,312)

Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from translation of the subsidiaries' functional currency (Chinese Renminbi and Hong Kong Dollars) into presentational currency of the Group (Australian Dollars).

Statutory Reserve

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% to 10% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches a minimal of 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Notes to the Consolidated Financial Statements (Cont'd)

14. Related party transactions

a) Transaction with related parties and key management personnel

The following comprises transactions with entities in which the Directors have an interest

	30 June 2017	30 June 2016
Mingwang Zhang (Executive Director)		
Cash advanced from the related party	49,962	-
Cash repaid to the related party	(50,348)	-

	30 June 2017	30 June 2016
Linxiang Chen (Executive Director)		
Cash advanced from the related party	965	161,742
Cash repaid to the related party	(965)	(161,742)

b) Related party balances

Amounts receivable from and (payable) to key management personnel and their related entities at reporting date arising are as follows:

	30 June 2017	31 December 2016
	$	$
Mingwang Zhang (Executive Director)	(3,349)	(3,887)

Related party balances comprise trade receivable arisen from normal course of business and related party loans, no specific terms and conditions have been attached to the above transactions.

15. Dividends

On 29 August 2017, the Group announced that it has declared an unfranked final dividend for the financial year ending 31 December 2016 of 0.5 cents per share. The dividend will be paid on 12 October 2017 to all shareholders registered on the record date of 15 September 2017. The ex-dividend date for dividend entitlement will be 14 September 2017.

The Group has also established a Dividend Reinvestment Plan, details of which are detailed in the Company's ASX announcement dated 29 August 2017.

16. Contingent liabilities

As at 30 June 2017, the Group is not aware of any contingent assets or liabilities that should be disclosed in accordance with AASB 137.

Notes to the Consolidated Financial Statements (Cont'd)

17. Controlled Entities

Details of subsidiaries controlled by the Company as at 30 June 2017 are as follows:

	Country of Incorporation	Percentage Owned (%)[1]	
		30 June 2017	31 December 2016
Eagle Health Holdings Limited	Australia		
Subsidiaries of Eagle Health Holdings Limited			
Enjoyhu International Co., Limited[2]	Hong Kong	100%	-
Australian Ecological Valley Pty Ltd[3]	Australia	100%	-
Xiamen Olibo Trade Co., Limited[4]	People's Republic of China	100%	-
Xiamen Eagle Don Pharmaceuticals Co., Ltd	People's Republic of China	100%	-

(1) Percentage of voting power is in proportion to ownership.

(2) Enjoyhu International Co., Ltd was incorporated 9 November 2016 in Hong Kong. It is the intermediate parent entity of Xiamen Olibo Trade Co., Ltd and its controlled entities.

(3) Australia Ecological Valley Pty is a wholly owned subsidiary of Eagle Health Holdings Limited incorporated in Australia on 14 December 2016 .

(4) Xiamen Olibo Trading Co., Limited was incorporated and registered on the 11 November 2016 as a wholly owned subsidiary of Enjoyhu International Co., Ltd. It is the intermediate parent entity of Xiamen Eagle Don Pharmaceuticals Co., Limited. Pursuant to a Share Transfer Agreement on 15 November 2016, Xiamen Olibo Trade Co., Limited acquired 100% of share capital in Xiamen Eagle Don Pharmaceuticals Co., Limited.

18. Events after the reporting date

On 10 July 2017, the Group announced that it has signed a Term Sheet agreement with Biovite Australia Pty Ltd (Biobite), as subsidiary of Xerion Limited ("Xerion"), to distribute Biovite's dermatological range of efficacious anti-fungal products throughout the extensive foot spa industry in China under Eagle Health's dedicated Australian sourcing brand, Ecological Valley.

On 16 August 2017, the Group announced that it has signed a Term Sheet with Omni Innovation Pty ltd (Omni) to exclusively manufacture, market and distribute Omni's pre-meal shake product for Type 2 diabetes and Pre-Type 2 diabetes throughout mainland China.

On 29 August 2017, the Group announced that it has declared an unfranked final dividend for the financial year ending 31 December 2016 of 0.5 cents per share. The dividend will be paid on 12 October 2017 to all shareholders registered on the record date of 15 September 2017. The ex-dividend date for dividend entitlement will be 14 September 2017. The Group has also established a Dividend Reinvestment Plan, details of which are detailed in the Company's ASX announcement dated 29 August 2017.

Other than the above matters, there are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial year.

Notes to the Consolidated Financial Statements (Cont'd)

19. Commitments

(a) Capital commitments

The following capital commitments exist as at 30 June 2017.

	30 June 2017 $	31 December 2016 $
- Not later than 12 months	1,977,256	-
- Between 12 months and 5 years	-	-
- Greater than 5 years	-	-
Total	**1,977,256**	**-**

Capital commitment relates to the renovation of the Group exhibition centre and finished good warehouse.

(b) Operating Commitments

The following operating commitments exist as at 30 June 2017.

	30 June 2017 $	31 December 2016 $
Office Leases		
- Not later than 12 months	271,284	88,200
- Between 12 months and 5 years	1,453,777	135,400
- Greater than 5 years	-	-
Total	**1,725,061**	**223,600**

Lease relates to the lease of headquarter office space totalling 1,802 square metres in Xiamen, PRC.

(c) Other Commitments

In June 2017, Xiamen Eagledon Pharmaceutical Co., Limited, subsidiary of the Group entered into an agreement with a university in Xiamen, Fujian Province, People's Republic of China, for services between September 2017 and December 2018. A further $287,949 is payable within 12 months.

Directors' Declaration

In the opinion of the Directors of Eagle Health Holdings Limited:

a. The consolidated financial statements and notes of Eagle Health Holdings Limited are in accordance with the *Corporations Act 2001*, including:

- **i.** Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- **ii.** Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

b. 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 the Directors:

Non-Executive Chairman
Andrew Thomson

Dated on 29 August 2017

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Eagle Health Holdings Limited (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, notes comprising of a statement of accounting policies, other selected explanatory notes, 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 Eagle Health Holdings Limited does not give a true and fair view of the financial position of the Group as at 30 June 2017, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 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 gives a true and fair view and 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, we have become aware of any matter that makes us believe that the half year financial reporting is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2017 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

As the auditor of Eagle Health Holdings Limited, 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.*

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 August 2017