AHALIFE HOLDINGS INC.

ANNUAL FINANCIAL REPORT
For the year ended 31 December 2014

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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Revenue	4	**2,669,404**	1,387,018
Cost of sales		**(1,350,882)**	(659,187)
Gross profit		**1,318,522**	727,831
General office expenses		**(1,091,677)**	(1,599,405)
Technology expenses		**(814,297)**	(2,109,893)
Operational expenses		**(540,590)**	(247,846)
Marketing expenses		**(760,074)**	(320,213)
Impairment of assets		-	(4,000,000)
Employee benefits expenses	5.2	**(3,598,262)**	(4,471,659)
Depreciation expense	5.3	**(45,450)**	(45,171)
Other expenses	5.4	**(80,572)**	(67,078)
		(6,930,922)	(12,861,265)
Finance costs	5.1	**(122,726)**	-
Finance income		-	5,275
Loss before income taxes		**(5,735,126)**	(12,128,159)
Income tax expense		-	-
Loss for the year		**(5,735,126)**	(12,128,159)
Other comprehensive income		-	-
Total comprehensive loss for the year		**(5,735,126)**	(12,128,159)

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

Statement of financial position

As at 31 December 2014

	Notes	2014 $	2013 $
Assets			
Current assets			
Cash and short-term deposits	7	**3,589,758**	5,086,514
Trade receivables		**-**	295,980
Inventory	8	**97,885**	8,157
Prepayments		**99,029**	72,076
Total current assets		**3,786,672**	5,462,727
Non-current assets			
Property and equipment	9	**63,686**	103,463
Other assets	10	**71,366**	67,210
Total non-current assets		**135,052**	170,673
Total assets		**3,921,724**	5,633,400
Liabilities			
Current liabilities			
Trade and other payables	11	**478,859**	478,805
Interest-bearing loans and borrowings	13	**2,586,207**	-
Other liabilities	12	**197,056**	131,823
Total current liabilities		**3,262,122**	610,628
Non-current liabilities			
Total non-current liabilities		**-**	-
Total liabilities		**3,262,122**	610,628
Net assets		**659,602**	5,022,772
Equity			
Contributed equity	14	**27,847,979**	26,547,980
Share based payment reserve	15	**261,208**	189,251
Accumulated losses		**(27,449,585)**	(21,714,459)
Total equity		**659,602**	5,022,772

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

Statement of changes in equity

For the year ended 31 December 2014

	Contributed equity (Note 14) $	*Accumulated losses* $	*Share based payment reserve (Note 15)* $	*Total equity* $
At 1 January 2014	**26,547,980**	**(21,714,459)**	**189,251**	**5,022,772**
Loss for the year	-	**(5,735,126)**	-	**(5,735,126)**
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	**(5,735,126)**	-	**(5,735,126)**
Stocks issued	**1,299,999**	-	-	**1,299,999**
Share-based payment	-	-	**71,957**	**71,957**
At 31 December 2014	**27,847,979**	**(27,449,585)**	**261,208**	**659,602**
At 1 January 2013	22,297,980	(9,586,300)	105,318	12,816,998
Loss for the year	-	(12,128,159)	-	(12,128,159)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(12,128,159)	-	(12,128,159)
Stocks issued	4,250,000	-	-	4,250,000
Share-based payment	-	-	83,933	83,933
At 31 December 2013	26,547,980	(21,714,459)	189,251	5,022,772

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

Statement of cash flows

For the year ended 31 December 2014

	Note	2014 $	2013 $
Operating activities			
Loss for the year		**(5,735,126)**	(12,128,159)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation expense		**45,450**	45,171
Bad debts		**79,348**	66,737
Loss on foreign exchange		**1,224**	341
Share based payment expense		**71,957**	83,933
Interest expense/(income)		**122,726**	(5,275)
Impairment of assets		**-**	4,000,000
Changes in operating assets and liabilities:			
(Increase)/decrease in trade receivables		**295,980**	677,221
(Increase)/decrease in inventory		**(89,728)**	44,839
(Increase)/decrease in prepayments		**(26,953)**	(46,760)
(Increase)/decrease in other assets		**(4,156)**	(34,310)
(Increase)/decrease in trade and other payables		**(80,518)**	(56,629)
(Increase)/decrease in other liabilities		**65,233**	113,844
Net cash flows used in operating activities		**(5,254,563)**	(7,239,047)
Investing activities			
(Purchase)/proceeds from sale of property and equipment		**(5,673)**	108,386
Net cash flows (used in)/from investing activities		**(5,673)**	108,386
Financing activities			
Proceeds from issuance of preference shares		**1,299,999**	250,000
Proceeds from borrowings		**2,586,207**	-
Interest (paid)/received		**(122,726)**	5,275
Net cash flows from financing activities		**3,763,480**	255,275
Net decrease in cash and cash equivalents		**(1,496,756)**	(6,875,386)
Cash and cash equivalents at 1 January		**5,086,514**	11,961,900
Cash and cash equivalents at 31 December	7	**3,589,758**	5,086,514

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

Notes to the financial statements

For the year ended 31 December 2014

1 CORPORATE INFORMATION

The financial report of AHAlife Holdings Inc. (the "Company") for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 1 June 2015.

AHAlife Holdings Inc. is a company limited by shares incorporated in USA.

The registered office of the Company is 45 Bond Street, 4th Floor, New York 10012.

The principal activity of the Company during the year was the sale of luxury and artisan goods online.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements for the year ended 31 December 2013 and 2014 are the first time the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared for the use of the Directors, in accordance with the recognition and measurement principles of IFRS issued by the IASB. The disclosures of the financial report have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB).

The financial statements have been prepared on a historical cost basis. The functional and presentation currency is United States dollars ($).

(b) Uncertainty over going concern

The Company has net assets of $659,602 (2013: $5,022,722) and incurred an operating loss after income tax of $5,735,126 (2013: $12,128,159) for the year ended 31 December 2014. The ability of the Company to continue as a going concern is dependent on the ability to raise capital. The directors believe there is no reason to doubt that the Company will be able to successfully raise capital. However, should additional capital not be available, the Company may be unable to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) Changes in accounting policy, disclosures, standards and interpretations

Australian Accounting Standards issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 31 December 2014. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

(e) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

(f) Trade receivables

In 2013 (Due to AHAlife Merchant Services "AMS"), trade receivables were recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables were due for settlement no more than 60 days from the date of recognition, and no more than 60 days for other debtors.

Collectability of trade receivables was reviewed on an ongoing basis. Debts which were known to be uncollectible were written off. A provision for doubtful receivables was established when there was objective evidence that the Company was not able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income. AMS ceased operations during 2014. As a result, as of 31 December 2014, the Company did not have trade receivables.

(g) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of financial assets (continued)

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss and other comprehensive income. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss and other comprehensive income.

(h) Inventory

Finished goods on hand are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in first out basis. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less estimated costs necessary to make the sale.

(i) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fixtures - 7 years
Leasehold improvements - 4.5 years
Machinery and equipment - 5 years
Computer software and hardware - 3 years

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property and equipment (continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

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.

Impairment losses, including impairment on inventories are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

In 2013, the Company purchased certain assets from Media Merx via a share swap agreement for $4,000,000. This was recognised in the statement of profit or loss and other comprehensive income as an expense as the asset was not deemed recoverable.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

(n) Share-based payment transactions

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense (Note 15). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss and other comprehensive income expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 15).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Contributed equity

Preferred stock and common stock are classified as equity. Transaction costs directly attributable to the issue of stocks are shown in equity as a deduction, net of tax, from the proceeds.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Services revenue relates to income earned from the provision of an e-commerce platform to Glamour magazine. Services revenue was earned on an accrual basis in line with the period the e-commerce platform was provided.

Shipping revenue

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

Finance income

Finance income is accrued when earned.

(q) Taxes

The income tax expense for the year comprises current income tax expense and deferred tax expense.

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 the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxes (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current 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. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the financial statements (continued)

For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Share based payments

The Company 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. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The Company has elected to use the Black-Scholes pricing model to determine the fair value of stock options on the dates of grant.

Depreciation of property and equipment

Property and equipment are depreciated on a straight line method over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

Provision for returns

The provision for returns is estimated with regard to historical rates of return.

Notes to the financial statements (continued)

For the year ended 31 December 2014

4 REVENUE

	2014 $	2013 $
Gross sales (non IFRS measure)	2,858,138	1,182,774
Sales discounts and allowances	(493,937)	(100,276)
Sales of goods	2,364,201	1,082,498
Rendering of services	114,665	296,233
Shipping revenue	190,538	8,287
Total revenue	2,669,404	1,387,018

5 EXPENSES

	2014 $	2013 $
5.1 Finance costs		
Interest expense	122,726	-
	122,726	-
5.2 Employee benefits expenses		
Salaries and wages	2,947,249	3,836,958
Contractors	161,988	-
Share based payment expense	71,957	83,933
Other employee benefits expense	417,068	550,768
	3,598,262	4,471,659
5.3 Depreciation expenses		
Depreciation	45,450	45,171
	45,450	45,171
5.4 Other expense		
Loss on foreign exchange	1,224	341
Bad debts	79,348	66,737
	80,572	67,078

6 INCOME TAX

The components of the benefit for income taxes attributable to continuing operations are as follows for the years ended 31 December 2014 and 2013:

	2014 $	2013 $
(a) Income tax expense		
The major components of income tax expense are:		
Statement of profit or loss and other comprehensive income		
Income tax expense		
Current tax expense	(1,990,403)	(2,797,207)
Deferred income tax	115,780	(471,232)
Losses not recognised	1,874,623	3,268,439
Total income tax expense	-	-

Notes to the financial statements (continued)

For the year ended 31 December 2014

6 INCOME TAX (continued)

	2014 $	2013 $
(b) Numerical reconciliation between aggregate tax expense recognized in the statement of comprehensive income and tax expense calculated per the statutory income tax rate		
Accounting loss before income tax	(5,735,126)	(12,128,159)
At Company's statutory income tax rate of 35% (2013: 35%)	(2,007,294)	(4,244,856)
Tax offsets on permanent differences and other items	132,671	976,417
Deferred tax asset not recognised	1,874,623	3,268,439
Aggregate income tax expense	-	-

(c) Deferred tax assets

Significant components of the Company's deferred tax assets for US federal income tax purposes at 31 December 2014 and 31 December 2013 are shown below. The deferred tax assets are not recognised in the statement of financial position as realisation of such deferred tax assets is not probable.

Net operating loss carry forwards	7,251,965	5,261,562
Intangibles/amortisation	355,184	470,964
	7,607,149	5,732,526
Deferred tax assets not recognised	(7,607,149)	(5,732,526)
Net deferred assets	-	-

At December 31, 2014, the Company had US federal net operating loss carry forwards of approximately $20,719,900. The federal tax loss carry forwards will begin to expire in 2030 unless previously utilised. Utilisation of the net operating loss carry forwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code, if a change in ownership occurs. Any annual limitation may result in the expiration of net operating losses before utilisation.

7 CASH

	2014 $	2013 $
Cash at bank and on hand	3,535,997	5,086,487
Short-term deposits	53,761	27
	3,589,758	5,086,514

8 INVENTORY

	2014 $	2013 $
Finished goods		
At cost	97,885	8,157
Provision for diminution in value	-	-
	97,885	8,157

Notes to the financial statements (continued)

For the year ended 31 December 2014

9 PROPERTY AND EQUIPMENT

	2014 $	2013 $
Furniture and fixtures		
At cost	**36,778**	34,820
Accumulated depreciation	**(16,694)**	(11,440)
Net carrying amount	**20,084**	23,380
Leasehold improvements		
At cost	**41,663**	41,663
Accumulated depreciation	**(31,976)**	(22,717)
Net carrying amount	**9,687**	18,946
Machinery and equipment		
At cost	**62,606**	58,891
Accumulated depreciation	**(32,750)**	(20,229)
Net carrying amount	**29,856**	38,662
Computer software and hardware		
At cost	**76,196**	76,196
Accumulated depreciation	**(72,137)**	(53,721)
Net carrying amount	**4,059**	22,475
Total property and equipment		
At cost	**217,243**	211,570
Accumulated depreciation	**(153,557)**	(108,107)
Net carrying amount	**63,686**	103,463

Reconciliation of carrying amounts at the beginning and end of the year

	2014 $
Furniture and fixtures	
Balance at the beginning of the year	
At cost	**34,820**
Accumulated depreciation	**(11,440)**
Net carrying amount	**23,380**
Additions	**1,958**
Depreciation charge for the year	**(5,254)**
Balance at the end of the year - Net carrying amount	**20,084**

Notes to the financial statements (continued)

For the year ended 31 December 2014

9 PROPERTY AND EQUIPMENT (continued)

Reconciliation of carrying amounts at the beginning and end of the year (continued)

	2014 $
Leasehold improvements	
Balance at the beginning of the year	
At cost	41,663
Accumulated depreciation	(22,717)
Balance at the beginning of the year - Net carrying amount	18,946
Depreciation charge for the year	(9,259)
Balance at the end of the year - Net carrying amount	9,687
Machinery and equipment	
Balance at the beginning of the year	
At cost	58,891
Accumulated depreciation	(20,229)
Balance at the beginning of the year - Net carrying amount	38,662
Additions	3,715
Depreciation charge for the year	(12,521)
Balance at the end of the year - Net carrying amount	29,856
Computer software and hardware	
Balance at the beginning of the year	
At cost	76,196
Accumulated depreciation	(53,721)
Balance at the beginning of the year - Net carrying amount	22,475
Depreciation charge for the year	(18,416)
Balance at the end of the year - Net carrying amount	4,059
Total property and equipment	
Balance at the beginning of the year	
At cost	211,570
Accumulated depreciation	(108,107)
Balance at the beginning of the year - Net carrying amount	103,463
Additions	5,673
Depreciation charge for the year	(45,450)
Balance at the end of the year - Net carrying amount	63,686

10 OTHER ASSETS

	2014 $	*2013* $
Current		
Security deposits	71,366	67,210
	71,366	67,210

Notes to the financial statements (continued)

For the year ended 31 December 2014

11 TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current		
Trade payables	**265,394**	301,314
Credit card liabilities	**79,264**	105,086
Accrued expenses	**134,201**	72,405
	478,859	478,805

12 OTHER LIABILITIES

	2014 $	2013 $
Current		
Sales tax payable	**12,658**	6,639
Straight line lease liability	**148,598**	125,184
Tenant deposit	**35,800**	-
	197,056	131,823

13 INTEREST-BEARING LOANS AND BORROWINGS

	2014 $	2013 $
Current		
Bank loan	**2,586,207**	-
	2,586,207	-

The bank loan is a secured loan, maturing on 31 January 2017. Interest is charged at the bank's prime reference rate plus 1.5% (5% at 31 December 2014). Under the terms of the loan, the Company is required to provide certain financial information in certain time frames. These requirements were not met. On 21 May 2015, the bank issued a waiver on these conditions and are not requiring immediate repayment. As disclosed in Note 19, the Company intends to repay this loan in full once the merger agreement with INT Corpodation Limited has been finalised. As a result of these factors, the loan has been classified as current at 31 December 2014.

14 CONTRIBUTED EQUITY

	2014 $	2013 $
Common stock	**3,368,375**	3,368,375
Preferred stock - Series A (i)	**6,000,000**	6,000,000
Preferred stock - Series B (i)	**16,179,605**	16,179,605
Preferred stock - Series C (i)	**2,299,999**	1,000,000
	27,847,979	26,547,980

Notes to the financial statements (continued)

For the year ended 31 December 2014

14 CONTRIBUTED EQUITY (continued)

(i) The classes of preferred stock have the following preferences associated with them:

a. Dividends – prior to the payment of any dividends on common stock, but only if declared by the Board.

b. Liquidation preferences – Series A, Series B, Series B-1, and Series C Preferred Stock are senior to Common Stock and pari passu to each other.

c. Voting – One vote per share, on an as-converted basis.

d. Protective provisions against: stock split or recapitalization; liquidation, dissolution or wind-up; merger or consolidation. Moreover, the Company may not amend, alter, waive or repeal any provision of the Bylaws; issue or reclassify shares; purchase or redeem shares; issue debt in excess of $1,000,000; increase or decrease the authorized number of Directors; or alter the employee stock option plan.

e. Right to convert – into common stock at the holders' discretion. Mandatory conversion on a Qualified IPO (i.e. at least $30 million of proceeds).

f. Anti-dilution – on weighted average basis, so to adjust share count for proportional ownership in the event of customary dilutive transactions.

	Number of shares	*$*
(a) Movements in common stock		
At 1 January 2013	11,217,600	3,368,375
Stocks issued	1,488,406	-
At 31 December 2013	12,706,006	3,368,375
At 31 December 2014	**12,706,006**	**3,368,375**
(b) Movements in preferred stock- Series A		
At 1 January 2013	6,000,000	6,000,000
At 31 December 2013	6,000,000	6,000,000
At 31 December 2014	**6,000,000**	**6,000,000**
(c) Movements in preferred stock- Series B		
At 1 January 2013	7,414,427	11,929,605
Stocks issued	949,587	4,250,000
At 31 December 2013	8,364,014	16,179,605
At 31 December 2014	**8,364,014**	**16,179,605**
(d) Movements in preferred stock- Series C		
At 1 January 2013	-	-
Stocks issued	515,384	1,000,000
At 31 December 2013	515,384	1,000,000
Stocks issued	**669,999**	**1,299,999**
At 31 December 2014	**1,185,383**	**2,299,999**

Notes to the financial statements (continued)

For the year ended 31 December 2014

15 SHARE-BASED PAYMENT RESERVE

Under the employee incentive scheme, awards are made to executives and other key talent who have an impact on the Company's performance. Awards are delivered in the form of options over shares which vest over a period of time as described below, subject to meeting performance measures.

There are six types of options on issue. The vesting conditions of each type of options are as follows:

Type	*Vesting conditions*	*2014 Number of options outstanding*
1	25% vests after 1 year, with 1/48 of total option grant vesting for each of the 36 months thereafter.	**1,418,575**
2	1/24th of the shares subject to this option shall vest when the optionee completes each month of continuous Service after the Vesting Commencement Date.	**760,980**
3	100% vested.	**195,744**
4	1/3 vests after 1 year, with 1/36 of total option grant vesting for each of the 24 months thereafter.	**20,000**
5	1/48th of the shares subject to this option shall vest when the optionee completes each month of continuous service after the Vesting Commencement Date.	-
6	9,990 shares vest on July 25, 2012. 1/31st of the remaining shares will vest after each month of continuous service beginning December 25, 2012.	**219,886**
		2,615,185

The expense recognised for employee services received during the year is shown in the following table:

	2014 $	*2013 $*
Expense arising from equity-settled share-based payment transactions	**71,957**	83,933
Total expense arising from share-based payment transactions	**71,957**	83,933

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

	2014 Number	*2014 WAEP*	*2013 Number*	*2013 WAEP*
Outstanding at 1 January	**3,914,550**	**0.32**	3,886,496	0.31
Granted during the year	**598,365**	**0.30**	723,997	0.31
Forfeited during the year	**(1,897,730)**	**0.33**	(680,943)	0.31
Exercised during the year	-	-	(15,000)	0.29
Outstanding at 31 December	**2,615,185**	**0.30**	3,914,550	0.32
Exercisable at 31 December	**1,950,278**	**0.29**	2,206,939	0.30

Notes to the financial statements (continued)

For the year ended 31 December 2014

16 KEY MANAGEMENT PERSONNEL

Key management personnel are Shauna Mei (Chief Executive Officer) and Sachin Devand (Chief Technology Officer).

Compensation for key management personnel

	2014 $	*2013* $
Salaries and wages	**425,000**	425,000
Share based payment expense	**45,002**	44,027
Total compensation for key management personnel	**470,002**	469,027

17 COMMITMENTS AND CONTINGENCIES

Commitments

Operating lease commitments – Company as a lessee

The Company has entered into a commercial property leases ending on 31 December 2017 with no renewal option. There are no restrictions placed upon the Company by entering into this lease.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2014 $	*2013* $
Within one year	**215,356**	201,267
After one year but not more than five years	**476,991**	692,347
Total minimum lease payments	**692,347**	893,614

Contingencies

There are no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Company's financial statements as at 31 December 2014 (2013: $nil).

18 RELATED PARTY DISCLOSURES

(a) Key management personnel

Key management personnel compensation for the years ended 31 December 2014 and 2013 is set out in Note 16.

19 EVENTS AFTER BALANCE DATE

On 17 March 2015, the Company entered into an exclusive conditional Letter of Intent with INT Corporation Limited ("INT"), a company listed on the Australian Stock Exchange, for INT to purchase 100% of the shares of the Company. On 12 May 2015, a conditional merger agreement for INT to acquire 100% of the issued capital of the Company was entered into. This has been agreed to by the Company's Board of Directors and the majority of the Company's shareholders.

There have been no other significant events occurring after the balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of AHAlife Holdings Inc., I state that:

In the opinion of the directors:

(a) The financial statements and notes of the Company for the financial year ended 31 December 2014 are:

(i) giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the year ended on that date; and

(ii) complying with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(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.

On behalf of the Board

Shauna Mei
Director
1 June 2015

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Independent auditor's report to the members of AHAlife Holdings Inc

We have audited the accompanying financial report of AHAlife Holdings Inc, which comprises the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

Basis for Qualified Opinion

We were appointed as auditors on 19 March 2015. The financial reports prior to 31 December 2014 have not been audited. We have been unable to obtain sufficient appropriate audit evidence about the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2013. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly in all material respects, the financial position of AHAlife Holdings Inc as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standard - Reduced Disclosure Requirements.

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Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 2(b) in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity'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.

Julian M. O'Brien
Partner

Ernst & Young
Sydney
1 June 2015

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