G MEDICAL
Mobility in Healthcare

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

G MEDICAL INNOVATIONS HOLDINGS LTD ARBN 617 204 743
(A company incorporated in the Cayman Islands) and its subsidiaries

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CORPORATE DIRECTORY

Directors
Dr Kenneth R Melani – Non-Executive Chairman
Dr Yacov Geva – President and Chief Executive Officer
Mr Louis Antoniou – Executive Director
Dr Shuki Gleitman – Non-Executive Director
Dr Brendan de Kauwe – Non-Executive Director
Mr Urs Wettstein – Non-Executive Director
Mr Sam Skontos – Non-Executive Director
Mr Ashley Krongold – Non-Executive Director

Company Secretary
Stephen Buckley

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Securities Exchange Listing
Australian Securities Exchange Limited

ASX Code – GMV

CHAIRMAN'S LETTER

Having been part of the healthcare industry for most of my career, it is clear that the enormous challenges facing patients, providers and payers has never been more apparent. The global economic burden and demands for better and more immediate access in a very connected world will transform how, when and where healthcare is delivered.

G Medical Innovations is developing next generation diagnostic technologies and monitoring services that can empower consumers and allow healthcare providers to better monitor, manage and improve clinical and personal health outcomes, including remotely.

The company has undergone a remarkable evolution in the last 4 years. Its success can be attributed to a number of factors, including a strong international leadership team, years of industry experience in developing mobile embedded medical sensors; a strong track record with FDA clearances and the CE mark leading to over 48 medical-grade devices being approved; and decades of international and US patient monitoring expertise, including a legacy of experience in monitoring more than 5M patients worldwide.

The past year has been an exciting and fruitful one and I'd like to highlight some of the milestones achieved.

Financial Achievements

In 2017, G Medical Innovations raised a total of A$25.5 million on the Australian Stock Exchange (ASX: GMV).

These proceeds have allowed G Medical to accelerate the commercialization of its medical technologies and services. The acquisition of Cardiostaff, an Independent Diagnostic Testing Facility (IDTF) located in Austin, Texas, will serve as G Medical's national monitoring call center for the US market.

Production Capability Expansion

With an already operating production line in Israel and a production line set up for operation in April 2018 in China, the Company is ready to reach production capabilities of up to one million units in the first year. During its first year of operation, the Chinese office is expected to have four active product lines and local capabilities of manufacturing, Quality Assurance, Quality Control and independent purchasing.

Direct Sales

During the past year, G Medical Innovations set up the infrastructure for a direct sales online store for the Prizma monitoring technology and services. Set to launch in March 2018, the online store will allow consumers from all over the world to purchase a Prizma directly and sign up for supporting services provided in their country.

Focus on China

As the world's largest economy with almost 20% of the global population, China faces a significant challenge in providing sufficient healthcare for its people. G Medical Innovations established a Joint Venture with GIBF, a Chinese fund, which has injected 5 million US dollars so far into the company, and will continue to provide up to 10 million dollars with no dilution. This is a major milestone for the company because it is at the core of our business in China. This market is growing fast and G Medical Innovations believes that its solutions are an excellent fit for this market.

Looking forward

As chairman of the G Medical Innovations Board of Directors, I believe that 2018 will also be a year of continued commercial growth for the company. As the company continues to develop unique next- generation products and to negotiate agreements globally, it will become a leader in the digital health market.

I'd like to take this opportunity to thank you for your ongoing support for G Medical Innovations.

Sincerely, Kenneth R. Melani

Kenneth Melani
Chairman of G Medical Innovations

CEO LETTER

G Medical Innovations was established in August 2014 and has since undergone a remarkable journey. We continuously pursue our goal of developing breakthrough technologies that increase healthcare efficiency by streamlining the way physicians and caregivers diagnose and monitor patients, and empower patients to self-manage their health. To this end, we developed two product verticals – the PRIZMA Medical Smartphone Case and the VSMS / GMP, both of which provide patient monitoring and diagnostic solutions.

What we achieved in 2017

Capital raised

The past year has been significant. In May, we went public and raised A$12 million; and in November we raised an additional A$13.5 million. This capital will ensure that we have the financial capacity to accelerate the commercialization of our medical devices and service offerings in line with the demand from new partnerships and our aggressive business strategy.

Focus on the USA and China

We are currently focusing on two major markets: USA and China. However, it is important to note that this does not mean we are excluding other potential markets.

USA medical call center establishment

In December, we announced the completion of the acquisition of Cardiostaff, an Independent Diagnostic Testing Facility (IDTF) which will serve as our national monitoring call center for the US market. Cardiostaff was renamed G Medical Diagnostic Services and provides physicians, practices and hospitals with 24/7 arrhythmia monitoring services for patients enrolled for the service.

We also established an infrastructure for a complete B2C sales channel for the Prizma Smartphone Medical Case and signed a few major MOUs.

Chinese operational & production infrastructure

In China, we established a Joint Venture in Guangzhou with GIBF, Guangzhou Sino-Israel Bio-Industry Investment Fund. This fund injected 5 million US dollars into the company and will make its best effort to provide an additional investment of up to 10 million dollars with no dilution. This Joint Venture represents a major milestone for the company since it is at the core of our business in China. This market is growing fast, and we believe that our products are an excellent fit for it.

During its first year of operation, the Chinese office is expected to include about 50 employees and to have four active product lines ready to operate 16-18 hours a day. With local capabilities of manufacturing, QA, QC and independent purchasing, this production site is due to be completely localized and independent, and is aimed to support our business commitments.

We continue to negotiate agreements globally, and formal announcements will be issued as soon as agreements are finalized.

FDA and CE approval

We received FDA clearance and CE approval for the PRIZMA, and CE approval for the VSMS/GMP (pending FDA approval). We also submitted multiple FDA and CE applications for different product functions and they are expected to be approved in the next few months.

G Medical was also one of 11 companies to receive Green Channel approval, which is a major milestone as it will expedite our CFDA approval, which is expected in April/May 2018. We have also passed all CFDA technical lab tests and regulatory tests and are in the final stage of clinical tests.

Looking forward

I believe that 2018 will be a year of great commercial growth. Our R&D department continues to work on developing more unique next-generation products that are estimated to meet the market in 2019.

Thank you for your ongoing support for G Medical Innovations.

Sincerely,
Dr. Yacov Geva
CEO of G Medical Innovations

INDEPENDENT AUDITORS' STATEMENTS TO **SHAREHOLDERS**

OF G MEDICAL INNOVATIONS HOLDINGS LTD.

OPINION

We have audited the accompanying consolidated financial statements of G Medical Innovations Holdings Ltd. (the "Company"), which comprise the statements of consolidated financial position as at December 31, 2017 and 2016, and the related statements of comprehensive income, changes in equity (deficit) and cash flows for each of the two years then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017 and 2016, and of its financial performance and its cash flows for each of the two years then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audits of the financial statements in Israel, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDITS MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SHARE BASED COMPENSATION	HOW THE MATTER WAS ADDRESSED IN OUR AUDITS
Share based compensation for the year ended December 31, 2017 amounted to 18.2 Million USD. The related disclosure appears in Note 13 to the financial statements. The consolidated entity has a share based remuneration scheme for employees and also provided performance rights to certain officers. The fair value of share options is estimated by using the a Monte-Carlo simulation, which was aimed to value of the firm's equity over time .The simulation model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the firm and the volatility of its shares., on the date of grant based on certain assumptions. Those conditions are described in the share based compensation note and include, among others, the dividend growth rate, expected share price volatility and expected life of the options. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is taken to equity, based on the consolidated entity's estimate of shares that will eventually vest. Share-based compensation calculation is a judgmental accounting area which requires assumptions utilized in the fair value calculations. There is a risk in the financial statements that amounts are incorrectly recognized and/or inappropriately disclosed.	Our procedures in respect of this area included: • Evaluating the calculation of the fair value in conjunction with our valuation experts and to a report prepared by an independent valuation expert. • Holding discussions with key management personnel to understand the share based compensation schemes in place and the changes made to the awards if any. • We read relevant documents related to the scheme, and obtained evidence of shareholder approval. • Our valuation experts examined the reasonability of the assumptions and the methodology which were the basis of the calculation • We examined the reputation and the objectivity of the company's expert. • We verified the inputs data of the calculations by reference to, where appropriate, external data. We considered the adequacy of the Company's disclosures in respect of the treatment of share based payments in the financial statements, and over the disclosure on its accounting policies.

BUSINESS COMBINATION	HOW THE MATTER WAS ADDRESSED IN OUR AUDITS

As of December 31 2017, the company completed the acquisition of CardioStaff Diagnostic Services Inc as appeared in Note 1B to the financial statements.
As part of the purchase the company assumed up to a maximum of $3.22 million in debt and issued $1 million in the Company's shares.
 	
The purchase price consideration was allocated by an independent third party in accordance with the valuation policy set out in the note between the acquired tangible assets and intangible assets, based on their estimated fair values. The estimated fair value assigned to identifiable intangible assets acquired has been determined by using valuation methods that accounts for replacement costs, using estimates and assumptions determined by management. Based on the above, the Company determined that the purchase price exceeded the estimated fair values of assets acquired by approximately $2.9 million USD, which is recognized as goodwill.
 	
A valuation process by nature requires significant judgment due to the impact that changes in assumptions can have on the valuations; in particular, the forecast cash flows, capitalization rates and discount rates.
	Our procedures in respect of this area included:
	• Assessing the competence and objectivity of the company's external expert ;
	• Understanding management's process around the intangible and tangible assets valuations and the oversight applied by the Directors;
	• Testing the accuracy of the information contained in the valuation by agreeing key inputs to underlying records and source evidence;
	• Assessing the forecasts used in the valuations with reference to current financial results such as revenues and expenses.
	• Assessing the appropriateness of the related disclosures in notes 1B and 2B to the consolidated financial statements.
	• We used our valuation specialists to review management purchase price allocation and its assessment of the identification of intangible assets.
	• The valuation methodology and assumptions were tested as following:
	  • Discussions with the company's external expert in order to understand the methodology and assumptions used;
	  • Verifying the intangible assets recognized, according to accounting standards instructions;
	  • Checking the methodology used to evaluate the intangible assets purchased according to common valuation professional methods;
	  • Examining the assumptions and forecasts used in the valuation, focusing on the capitalization rate and discount rate with reference to external market trends and transactions
	  • Examining the inputs data used for the valuation

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information contained in the directors' report for the year ended 31 December, 2017, but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management and the directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the management and the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audits in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audits procedures responsive to those risks, and obtain audits evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audits procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audits evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audits evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audits findings, including any significant deficiencies in internal control that we identify during our audits. We also provide those charged with governance regarding with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with We also provide those charged with governance regarding with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards., we determine those matters that were of most significance in the audits of the financial statements of the current period and are therefore the key audits matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tel-Aviv, Israel
February 25, 2018

Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

G MEDICAL INNOVATIONS HOLDINGS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2017	December 31, 2016
		$ in thousands	
CURRENT ASSETS:			
Cash and cash equivalents		14,158	752
Restricted cash		57	34
Inventories		231	-
Trade receivables		140	-
Other accounts receivable	4	585	77
Intangible assets, net	6	1,779	-
Total current assets		**16,950**	**863**
NON-CURRENT ASSETS:			
Goodwill	5	2,950	-
Property, plant and equipment, net	7	1,602	111
Total non-current assets		**4,552**	**111**
TOTAL ASSETS		**21,502**	**974**
CURRENT LIABILITIES:			
Short term loan and current portion of long term loans	11	1,669	176
Trade payables		1,377	237
Loan from controlling shareholder	8	492	505
Convertible loan	9	-	1,519
Other accounts payable	10	998	275
Total current liabilities		**4,536**	**2,712**
NON-CURRENT LIABILITIES:			
Derivative liability - warrants	9	778	-
Deferred taxes		374	-
Long term bank loans	11	2,606	1,760
Total non-current liabilities		**`3,758**	**1,760**
SHAREHOLDERS' EQUITY (DEFICIT):			
Share capital	13	340	10
Other reserve		1,500	1,500
Additional paid in capital		38,723	-
Accumulated deficit		(32,065)	(5,008)
G Medical innovations holdings ltd. Shareholder's equity (deficit)		8,498	(3,498)
Non-controlling interest		4,710	-
Total Equity (Deficit)		**13,208**	**(3,498)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**21,502**	**974**

The accompanying notes are an integral part of the financial statements.

February 25, 2018
Date of approval of the financial statements

Kobi Ben-Efraim
CFO

Dr. Yacov Geva
President and Chief Executive Officer

G MEDICAL INNOVATIONS HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2017	Year ended December 31, 2016
		$ in thousands	
REVENUES:			
Services		109	-
Cost of services		115	-
Gross loss		**6**	**-**
OPERATING EXPENSES:			
Share based compensation		18,187	-
Research and development expenses	14	3,520	1,808
Selling, general and administrative expenses	15	4,808	854
Operating loss		**26,521**	**2,662**
Financial income		(282)	-
Financial expenses		923	324
Financial expenses, net		**641**	**324**
Loss before taxes on income		**27,162**	**2,986**
Taxes on income	17	85	30
Net comprehensive loss		**27,247**	**3,016**
NET COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTED TO:			
Non-controlling interests		190	-
G Medical innovations holdings ltd. shareholders'		27,057	3,016
Basic loss per share attributable to G Medical innovations holdings ltd. shareholders' in USD	**16**	**(0.115)**	**(0.022)**

The accompanying notes are an integral part of the financial statements.

G MEDICAL INNOVATIONS HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

	G MEDICAL INNOVATIONS HOLDINGS LTD. SHAREHOLDERS' EQUITY (DEFICIT)						
	Share capital	Other reserve	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholdrs' equity (deficit)
	$ in thousands						
BALANCE AT JANUARY 1, 2016	**10**	**463**	**-**	**(1,992)**	**(1,519)**	**-**	**(1,519)**
Promissory note	-	1,037	-	-	1,037	-	1,037
Total comprehensive loss	**-**	**-**	**-**	**(3,016)**	**(3,016)**	**-**	**(3,016)**
BALANCE AT DECEMBER 31, 2016	**10**	**1,500**	**-**	**(5,008)**	**(3,498)**	**-**	**(3,498)**
Changes during the period:							
Issuance of shares, net	92	-	18,014	-	18,106	-	18,106
Issuance of benefit shares	125	-	(125)	-	-	-	-
Issuance of shares upon acquisition	3	-	997	-	1,000	-	1,000
Options exercise into shares	14	-	(14)	-	*	-	*
Share based compensation	15	-	18,172	-	18,187	-	18,187
Conversion of convertible loan to shares and warrants	11	-	1,749	-	1,760	-	1,760
Conversion of Class A Performance rights into shares	70	-	(70)	-	-	-	-
Issuance of shares to non-controlling interest	-	-	-	-	-	4,900	4,900
Total comprehensive loss	**-**	**-**	**-**	**(27,057)**	**(27,057)**	**(190)**	**(27,247)**
BALANCE AT DECEMBER 31, 2017	**340**	**1,500**	**38,723**	**(32,065)**	**8,498**	**4,710**	**13,208**

* Represents an amount lower than $ 1 thousand

The accompanying notes are an integral part of the financial statements.

G MEDICAL INNOVATIONS HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31, 2017	Year ended December 31, 2016
	$ in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(27,247)	(3,016)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	222	17
Change in fair value of derivative	778	-
Revaluation of restricted cash	(4)	-
Share based compensation	18,187	-
Accrued interest of long term loans	32	3
Changes in deferred taxes	(305)	-
Change in fair value of convertible loan	62	244
Increase in trade receivable	(88)	-
Increase in other accounts receivable	(508)	(41)
Increase in inventories	(231)	-
Increase in trade payables	278	123
Increase in other accounts payable	586	167
Accrued interest loan from controlling shareholder	21	-
Exchange rate differences	(72)	-
Net cash used in operating activities	**(8,289)**	**(2,503)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,492)	(89)
Investment in newly-consolidated subsidiary, net (See appendix B)	8	-
Restricted cash	(19)	(34)
Net cash used in investing activities	**(1,503)**	**(123)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	18,106	-
Repayment of short term loan from controlling shareholder	(34)	498
Receipts of promissory note	-	1,037
Receipts of long term loans from bank	615	550
Receipts of convertible loan	179	1,275
Share issuance in subsidiary, net	4,900	-
Repayment of loans	(640)	(29)
Net cash provided by financing activities	**23,126**	**3,331**
Increase in cash and cash equivalents	**13,334**	**705**
Effects of exchange rate changes on cash and cash equivalents	**72**	**-**
Cash and cash equivalents at beginning of the year	**752**	**47**
Cash and cash equivalents at the end of the year	**14,158**	**752**

G MEDICAL INNOVATIONS HOLDINGS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

APPENDIX A-AMOUNT PAID DURING THE YEAR FOR:

	Year ended December 31, 2017	Year ended December 31, 2016
	$ in thousands	
Interest	89	60
Tax	63	-

APPENDIX B- INVESTMENT IN NEWLY-CONSOLIDATED SUBSIDIARY:

	Year ended December 31, 2017	Year ended December 31, 2016
	$ in thousands	
Working capital other than cash	888	-
Deferred liability tax	679	-
Loans	2,332	-
Issuance of shares	1,000	-
Goodwill	(2,950)	-
Insurance agreements	(1,941)	-
	8	**-**

APPENDIX C-NON-CASH ACTIVITIES:

	Year ended December 31, 2017	Year ended December 31, 2016
	$ in thousands	
Conversion of convertible loan into shares and warrants	1,760	-
Conversion of Class A Performance rights into shares	70	-
Purchase of property, plant and equipment	(59)	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 ($ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS:

A. Overview

G Medical Innovations Holdings Ltd. was incorporated in October 2014 under the Cayman Island law.
The Company is ushering a new era of healthcare and wellness by utilizing its patented wireless technologies, and proprietary information technology and service platforms, to empower a new generation of consumers, patients and providers to improve quality of life.
The Company develops the next generation of mobile technologies that will empower consumers and providers to better monitor, manage, and improve clinical and personal health outcomes.
The Company offers a suite of both consumer and clinical grade products and platforms which are positioned to reduce inefficiencies in healthcare delivery, improve access, reduce costs, increase quality of care, and make healthcare more personalized and precise.

B. Subsidiary in USA

On October 30, 2017, the Company announced that its wholly owned subsidiary, G Medical Innovations USA Inc, had entered into an agreement to acquire 100% of the issue capital of CardioStaff Diagnostic Services Inc ("CardioStaff), a United States based Independent Diagnostic Testing Facility.
CardioStaff is a Medicare and Medicaid designated IDTF that provides physicians practices and hospitals with 24/7 patient medical monitoring services at the highest clinical accuracy together with state-of-the-art technologies and licensed professional staff. Headquartered in Austin, TX, Cardiostaff provides excellent medical customer services nationwide. The call centre offers a variety of monitoring services including Cardiac Events Monitoring, Extended Holter Monitoring and Mobile Cardiac Tele-Monitoring.
Going forward with the CardioStaff call centre acquisition, complements G Medical's strategy to develop a US-based independent Diagnostic Testing Facility. This allows G Medical to secure its ability to provide national coverage medical call centre services and enter into the reimbursement space.
In return the Company will assume up to a maximum of $3.22 million in debt and issue $1 million in the Company shares. On December 6, 2017, the Company completed the acquisition.
Upon the closing of the acquisition, the company issued 3,254,859 ordinary shares to the former CardioStaff shareholders.
The purchase consideration was allocated between the acquired tangible assets and intangible assets, based on their fair values, using a purchase price allocation made by an independent third party. The fair value assigned to identifiable intangible assets acquired has been determined by using valuation methods that accounts for replacement costs, using estimates and assumptions determined by management.
Based on the above, the Company determined that the purchase price exceeded the fair values of assets acquired by approximately $ 2,950, which is recognized as goodwill. Upon the purchase price allocation, an amount of $ 1,941 was allocated to insurance coverage agreements to be amortized over one year period.

The table below summarizes the of the fair value of assets and liabilities acquired at the purchase date:

	November 30, 2017
Cash and Cash equivalents	8
Insurance agreements	1,941
Deferred tax liability	(679)
Accounts payable and others	(888)
Loans	(2,332)
Goodwill *	2,950
Total net assets acquired	**1,000**

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

B. Subsidiary in USA (Cont.):

** Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. The goodwill is attributed to the expected benefits arising from the synergies of the combination of the activities of the Company and acquired company.*

The contribution of Cardiostaff results to the Company's consolidated revenues and consolidated loss were $109 and $363 thousand respectively, for the period from December 1 to December 31, 2017. The transaction costs amounted to $100 thousand and were charged to general, and administrative expenses.

The unaudited pro forma financial information in the table below summarizes the combined results of the Company operations and those of CardioStaff for the periods shown as though the Transaction occurred as of the beginning of fiscal year 2017. The pro forma financial information for the periods presented includes the business combination accounting effects of the Transaction, including amortization charges from acquired intangible assets, based on the provisional estimated fair value mentioned above. The pro forma financial information presented below is for informational purposes only, is subject to a number of estimates, assumptions and other uncertainties, and is not indicative of the results of operations that would have been achieved if the transaction had taken place at January 1, 2017.

The unaudited pro forma financial information is as follows:

	Year ended December 31, 2017
Total revenues	1,113
Net loss attribute to the Company	1,709

C. Subsidiary in China:

On October 30, 2016, the Company signed a Term sheet with Guangzhou Sino-Israel Bio-Industry Investment Fund LLP (the "Investor"). Initially, a wholly owned foreign enterprise was established in Guangzhou under the laws of the Republic of China, in which the Company owned 100% of the share capital. At the closing date as set forth in the business plan, the foreign enterprise was transformed into a subsidiary and the Investor paid to the Company's subsidiary a total amount of $4.9 million, net of issuance costs amounted to $ 100 thousand, that represents 30% of the subsidiary equity rights. The Company has control over foreign enterprise and therefore the transaction was treated as a transaction with non-controlling interest.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed in the preparation of the consolidated financial statements, on a consistent basis, are:

A. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention except for certain financial liabilities which measured at fair value until conversion. The Company has elected to present the statement of comprehensive income using the function of expense method.

B. Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of consolidation (Cont.)

The consolidated financial statements present the results of the company and its subsidiaries ("the Company") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements of the Company include the accounts of the Company and the following subsidiaries:

Entity name	State incorporated	Percent ownership
G Medical Innovations Holdings Ltd.	Cayman Islands	Parent Company
G Medical Innovations Ltd.	Israel	100%
G Medical Innovations Asia Ltd.	Hong Kong	100%
G Medical Innovations UK Ltd.	United Kingdom	100% - G Medical Innovations Asia Ltd.
Guangzhou Yimei Innovative Medical Science and Technology Co., Ltd.	China	70% - G Medical Innovations Asia Ltd
G Medical Innovations MK Ltd.	Macedonia	100%
G Medical Innovations USA Inc.	USA	100%
G Medical Diagnostic Services, Inc. (Formerly CardioStaff Diagnostic Services Inc)	USA	100% - G Medical Innovations USA Inc.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.
Non- controlling interest- The Company recognizes any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquirer's identifiable net assets.
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

C. Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

D. Foreign currency

The financial statements are prepared in US Dollars (the functional currency).
Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted as follows:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

D. Foreign currency (Cont.)

- Monetary assets and liabilities – at the rate of exchange applicable at the consolidated statements of financial position date;
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.
- Expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related consolidated statements of financial position items i.e. at the time of the transaction.

E. Cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

F. Restricted cash

Restricted cash is considered by the Company to be deposits with banks which are used mainly as a security for guarantees provided against payable payments in advance.

G. Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The product is technically and commercially feasible.
- The Company intend to complete the product so that it will be available for use or sale.
- The Company has the ability to use the product or sell it.
- The Company has the technical, financial and other resources to complete the development and to use or sell the product.
- The Company can demonstrate the probability that the product will generate future economic benefits.
- The Company is able to measure reliability the expenditure attributable to the product during the development.

During the years 2017 and 2016 the company did not meet the following criteria therefore all the development costs recognized as expenses.

H. Goodwill

Goodwill represents the excess of the costs of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost of a business combination comprise the fair values of assets given, liabilities assumed and equity instruments issued. Any costs of acquisition are charged to profit or loss. Goodwill is recognized as an intangible asset with any impairment in carrying value being charged to the income statement. The Goodwill is not systematically amortized and the company reviews goodwill for impairment once a year, or more frequently if events or changes to circumstances indicated that there is an impairment.

I. Intangible assets

Acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured on initial recognition at fair value at the acquisition date. Intangible assets with a finite useful life are amortized over their useful life and reviewed for impairment whenever there is an indication that the assets may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end.

J. Issuance costs

The company allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) and the costs that were related to the stock market listing or are otherwise not incremental and directly attributable to issuing new shares, were recorded as an expense in the statement of comprehensive income. Costs that were related to both share issuance and listing were allocated between those shares based on the number of shares.

K. Earnings per share

Basic earnings per share is calculated as net loss attribute to the Company, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

L. Provisions

Provisions are recognized when the Company 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

M. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of fair value hierarchy

The financial instruments presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
Level 3	Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

N. Financial assets

The Company's accounting is as follows:
Loans and receivables: Loans and receivables are initially recognized at fair value plus any transaction cost directly attributable to the issue of the instrument.

O. Financial Liabilities

The Company classifies its financial liabilities as follows:
Other financial liabilities: Other financial liabilities include the following items:

- Bank borrowings, trade payables, loans from bank, loan from controlling shareholder and other short term liabilities are initially recognized at fair value less any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest method, which ensures that any interest expense over the period is at a constant interest rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

Fair value through profit and loss: certain liabilities are measured at fair value through profit or loss. Transaction costs are recognized in profit or loss.

P. Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost.

Q. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Q. Impairment of non-financial assets (Cont.)

circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

R. Leases

Leases are classified at their inception as either operating or finance leases based on economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.
Operating Leases-
The minimum lease payments made under operating leases are charged against profits in equal installments over the accounting periods covered by the lease term where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item. The cost of improvements to or on leased property is capitalized, disclosed as leasehold improvements and amortized over the shorter between the leasehold improvements economic life and the operating lease period.

S. Deferred taxes

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. In addition, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability is probable.

T. Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. Cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. Depreciation is computed by the straight line method, based on the estimated useful lives of the assets, as follows:

	Estimated useful lives
Computers and electronic equipment	3
Furniture and equipment	7
Vehicles	6.67
Leasehold Improvement	see note 2R

U. Changes in accounting policies and disclosures continued

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative:
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information in note 9.

V. New IFRSs in the period prior to their adoption

IFRS 9 Financial Instruments:
IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortized cost and fair value.
Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.
All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.
All fair value movements on financial assets are taken through the statement of profit or loss, except for

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

V. New IFRSs in the period prior to their adoption (Cont.)

equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognize the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices.

As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade eceivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

IFRS 9 is to be applied for annual periods beginning on January 1, 2018.

IFRS 9 will not have a material impact on the consolidated financial statements.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

Share based compensation

The consolidated entity has a share based remuneration scheme for employees. The fair value of share options is estimated by using the a Monte-Carlo simulation, which was derived to model the value of the firm's equity over time The simulation model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the firm and the volatility of its assets, on the date of grant based on certain assumptions. Those conditions are described in the share based compensation note and include, among others, the dividend growth rate, expected share price volatility and expected life of the options. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is taken to equity, based on the consolidated entity's estimate of shares that will eventually vest.

NOTE 4 - OTHER ACCOUNTS RECEIVABLE:

	December 31, 2017	December 31, 2016
Prepaid expenses	251	5
Advances to suppliers	180	-
Institutions	122	37
Others	32	35
	585	**77**

NOTE 5 - GOODWILL:

	December 31, 2017
Balance at the beginning of the year	-
Acquisition during the year	2,950
Impairment	-
Balance at the end of the year	**2,950**

NOTE 6 - INTANGIBLE ASSETS, NET:

	Insurance agreements
Cost:	
As of January 1, 2017	-
Acquisition of a subsidiary	1,941
As of December 31, 2017	1,941
Accumulated amortization:	
As of January 1, 2017	-
Amortization	162
As of December 31, 2017	162
Net book value:	
As of December 31, 2017	1,779

The significant intangibles recognized by the Company, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful life
Insurance agreements	1 year

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT, NET:

	Computers and electronic equipment	Furniture and equipment	Vehicles	Leasehold Improvement	Total
COST					
As of January 1, 2017	**92**	**35**	**-**	**10**	**137**
Additions	1,292	62	115	82	1,551
As of December 31, 2017	**1,384**	**97**	**115**	**92**	**1,688**
ACCUMULATED DEPRECIATION					
As of January 1, 2017	**22**	**3**	**-**	**1**	**26**
Additions	35	4	16	5	60
As of December 31, 2017	**57**	**7**	**16**	**6**	**86**
NET BOOK VALUE:					
As of December 31, 2017	**1,327**	**90**	**99**	**86**	**1,602**
As of December 31, 2016	**70**	**32**	**-**	**9**	**111**

NOTE 8 - LOAN FROM CONTROLLING SHAREHOLDER:

The Company signed an agreement to receive a short-term loan up to $600 from its major shareholder. The loan bears an interest at the rate of libor+3% and will be repaid in two equal installments on June 1, 2017 and on September 1, 2017.
In February 2017, the Company signed an amendment to the loan agreement, according to which the loan will be repaid in two equal installments, three and six months following the commencement of sales of the company's products.

NOTE 9 - CONVERTIBLE LOAN:

On November 29, 2016, the Company signed a Convertible Loan Agreement (the "Agreement") with a number of investors (the "Lenders"), in which the Company borrowed a total amount of AUD 2 million ($1.4M), out of which $1.2 million was borrowed in 2016. Upon certain terms as set forth in the agreement, the lenders will be repaid or entitled to convert the loan into the Company's shares at a price per share representing a discount of 10% to the initial public offering ("IPO") price in addition to one warrant for two shares at a price of 150% of the IPO price, in case of an IPO. If the Company will not complete the IPO by July 1, 2017, the Company will pay the lenders the total principle amount plus 10% premium. The lenders do not have any right to elect to redeem the loan. The Company designated upon initial recognition that the convertible loan will be measured at fair value through profit or loss.

As of December 31, 2016, the convertible loan's fair value amounted to $ 1,519. Upon the initial public offering ("IPO") that took place in May, 2017 the loan fair value amounted to $ 1,760 was converted into 11,111,111 shares along with 5,555,556 warrants.

The warrants were classified as a derivative financial liability and are re-measured each reporting date, with changes in fair value recognized in finance expense (income), net, since the exercise price of the warrants is denominated in AUD and the functional currency of the company is the USD.

NOTE 10- OTHER ACCOUNTS PAYABLE:

	December 31, 2017	December 31, 2016
Employees and authorities	538	217
Tax authorities	360	58
Others	100	-
	998	**275**

NOTE 11-LONG TERM BANK LOANS:

	Linked to	Interest rate	December 31, 2017	December 31, 2016
Long term loans	U.S. dollar	2.5%-12%	4,086	1,936
Less- Current portion			(1,480)	(176)
			2,606	**1,760**

A. During the years 2015 through 2017, the Company received several loans from Bank Mizrahi Tfahot. As of December 31, 2017, the total amount of these loans is: $2,334. The loans bear interest of between 2.5%-3% per annum.
B. The Company's major shareholder provides a guarantee for the loans payments described above.
C. Upon CardioStaff acquisition, additional long- term loans were added to the Company balance, As of December 31, 2017, the total amount of these loans is $1,752. The loans bear interest of between 4%-12% per annum.

NOTE 11-LONG TERM BANK LOANS (CONT.):

D. Reconciliation of the changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows:

	Bank loans
As of January 1, 2017	**1,936**
Changes from financing cash flows	
Receipts of long term loans from bank	615
Repayment of loans	(640)
Total changes from financing cash flows	(25)
Accrued interest of long term loans	32
Loans upon acquisition	2,332
As of December 31, 2017	**4,275**

	Convertible loan
As of January 1, 2017	**1,519**
Changes from financing cash flows	
Receipts of convertible loan	179
Total changes from financing cash flows	179
Change in fair value of convertible loan	62
Conversion of convertible loan into shares and warrants	(1,760)
As of December 31, 2017	**-**

NOTE 12 - COMMITMENTS AND CONTINGENCIES:

A. The Israeli subsidiarys' entire assets and rights were pledged as a floating charge to secure bank borrowings.

B. On November 20, 2017, certain advisor made a demand in relation to a capital raising and advisory mandate for a corporate fee payment and other costs amounted to AUD 566.
According to the Company legal advisor, the Company has solid claim against the demand and therefore no provision has recorded.

C. The Company leases its office facilities and motor vehicles under various operating leases. Total rent expense under these operating leases was $147 thousands and $53 thousands for the years ended December 31, 2017 and 2016, respectively. Future minimum lease commitments under operating leases as of December 31, 2017 are as follows:

Year ended December 31	$ in thousands
2018	370
2019	400
2020	302
	1,072

NOTE 13 –SHAREHOLDERS' EQUITY (DEFICIT):

A. The ordinary shares in the Company confer upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends, if and when declared.

	NUMBER OF SHARES			
	December 31, 2017		December 31, 2016	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares of $0.001 par value	1,000,000,000	339,659,320	11,000,000	10,000,000

B. During 2016, the Company received proceeds of promissory note amounted to $1,037 from its controlling shareholder. The loan bears no interest and will be repaid only upon liquidation of the Company.

C. In May, 2017 the company's IPO took place, the Company issued 60,000,000 shares at a price per share of $0.15 (AUD 0.2). In addition, the Company issued 11,111,111 shares and 5,555,556 warrants, according to its convertible loan agreement (See note 9). In addition, the Company issued 125,240,000 benefit shares.

D. On November 15, 2017, the Company completed placement of AUD 13.5 million ($10.2 million), On November 21, 2017 the Company issued 31,395,349 shares (the "Placement Shares") at a price per share of $0.325 (AUD 0.43).
In addition, the Company issued 2 million unlisted options to Hunter Capital in consideration for lead manager services provided in relation to the Placement.

E. On December 6, 2017, the Company has issued 3,254,859 fully paid ordinary shares to the shareholders of CardioStaff, representing $1 million which was calculated using an AUD: USD conversion rate of 0.7586 and the closing price of the Company shares as at November 29, 2017 being AUD 0.405.

F. Options and shares granted to employees and service providers:

1. In January, 2017, the Board of Directors approved a Global Equity Incentive Plan (the "Plan"). Under the Plan, 14,760,000 options for ordinary shares with $ 0.00001 exercise price per share, were granted to employees, directors, consultants and sub-contractors of the Company. During February, 2017, 13,658,001 fully vested options were converted into shares of the Company on 1:1 basis.
   Upon IPO, the Company granted 15,000,000 shares and 20,000,000 fully vested options with AUD 0.3 exercise price per share to its service provider, the options will be expired upon 3 years from issuance. In 2017, the company recorded an expense at the amount of $ 2,299.
2. A summary of the status of the Company's option plan granted to employees as of December 31, 2017 and changes during the relevant period ended on that date is presented below:

	Year ended December 31, 2017	
	Number of options	Weighted average Exercise price
Outstanding at beginning of year	-	-
Granted	14,672,802	$0.00001
Exercised	(13,658,001)	
Forfeited and cancelled	-	-
Outstanding at end of year	**1,014,801**	**$0.00001**
Exercisable options	**281,312**	**$0.00001**

NOTE 13 –SHAREHOLDERS' EQUITY (DEFICIT) (CONT.):

F. Options and shares granted to employees and service providers (Cont.):

3. The options outstanding as of December 31, 2017 are comprised, as follows:

Exercise price	Outstanding as of December 31, 2017	Weighted average exercise price	Weighted average remaining contractual term (years)	Exercisable as of December 31, 2017	Weighted average exercise price	Weighted average remaining contractual term (years)
$0.00001	1,014,801	$0.00001	4.1	281,312	$0.00001	4.1

G. Performance rights:

Upon IPO, three classes of Performance Rights ("Rights") were approved by shareholders at an Extraordinary General Meeting. The Rights convert to ordinary shares on 1:1 basis, when the attaching milestone is met:

70,000,000 Class A Performance Right milestone requires an FDA approval within 12 months from grant date, the Rights will be expired in one year. In September, 2017, the Company received clearance from the FDA and met the first milestone, following this 70,000,000 Class A Performance Rights were converted into shares of the Company on 1:1 basis.

60,000,000 Class B Performance Right milestone requires rolling 12 months revenues of at least $30,000, the Rights will be expired in 2 years.

60,000,000 Class C Performance Rights require cumulative EBITDA of at least $ 25,000, the Rights will be expired in 3 years.

The total fair value of performance shares at the amount of $ 15,888 thousand was expensed through profit and loss.

NOTE 14-RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31, 2017	Year ended December 31, 2016
Payroll and related	2,236	1,037
Subcontractors and materials	1,040	706
Travel expenses	58	6
Patents	49	36
Others	137	23
Total	**3,520**	**1,808**

NOTE 15-SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31, 2017	Year ended December 31, 2016
Professional services	1,883	332
Payroll and related	1,699	261
Travel expenses	379	113
Rent and office maintenance	315	130
Depreciation and amortization	176	6
Others	356	12
Total	**4,808**	**854**

NOTE 16 - EARNINGS PER SHARE:

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods, the weighted average number of equity shares in issue and loss for the period as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Loss for the year attributable to shareholders	(27,057)	(3,016)
Weighted average number of ordinary shares	233,805,755	135,240,000 (*)
Basic loss per share in USD	**(0.115)**	**(0.022)**

* Restated due to issuance of benefit shares.

NOTE 17- TAXES ON INCOME:

A. **Taxes on income:**

Cayman Islands:

The Company has incorporated in the Cayman Islands and under the local current laws; the Company is not subject to corporate income tax.

Israel:

Israeli corporate tax rates are 25% in 2016 and 24% in 2017.

The Law for the Amendment to the Income Tax Ordinance, New Version, 1961 (hereafter – “the Ordinance”) (Amendment 216 to the Ordinance) (hereafter – “the amendment”) was published in the official gazette in January 2016; the said law stipulated the reduction of the rate of corporate tax from 26.5% to 25% commencing January 1, 2016. On December 2016, the Israeli government published the Economic Efficiency Law (2016) (legislative amendments to accomplish budget goals for the years 2017 and 2018) According to which, in 2017 the tax rate will decrease by 1% and starting 2018 by 2%; so that the tax rate will be 24% in 2017 and 23% in 2018 and onwards. Since the Company has carry forward losses and there is no deferred tax assets or liability there is no impact of the tax rate change.

USA:

The USA subsidiary incorporated in 2017 and is subject to local corporate tax. As of December 31, 2017, the U.S. subsidiary has not received a final tax assessment.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the “Act”), which significantly changed U.S. tax law. The Act lowered the Company’s U.S subsidiaries. Statutory federal income tax rate from 35% to 21% effective January 1, 2018. During 2017, the Company recognized a provision for income taxes of $249 to the impact of remeasuring the Company’s deferred tax balances to reflect the new tax rate.

B. **Theoretical income tax:**

	Year ended December 31, 2017	Year ended December 31, 2016
Loss before income tax	(27,162)	(2,986)
Theoretical tax at applicable statutory tax rate (0%)	-	-
Effect of foreign tax rate	(390)	(30)
Changes in deferred taxes	305	-
Income tax expenses	**(85)**	**(30)**

C. **Expenses for taxes:**

	Year ended December 31, 2017	Year ended December 31, 2016
Current	390	30
Deferred taxes, net	(305)	-
	85	**30**

NOTE 17- TAXES ON INCOME (CONT.):

D. Deferred tax liabilities:

Deferred tax assets, net reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred tax asset, net resulting from:

	December 31, 2017
Deferred tax liabilities:	
Intangible assets	374
Total	**374**

NOTE 18 - RELATED PARTIES AND SHAREHOLDERS:

- **The following transactions arose with related parties:**

Transaction	Year ended December 31, 2017	Year ended December 31, 2016
Five key management personnel	852	258

- **Liabilities to related parties:**

Name	December 31, 2017	December 31, 2016
Five key management personnel	70	40

- In 2016 the Company signed an agreement to receive a short-term loan up to $600 from its major shareholder (See also note 8).

NOTE 19 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, payables, other payables and loans. The main purpose of these financial instruments is to raise finance for the Company's operation. The company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly credit risk and currency risk. The risk rate on loans is fixed. The risk management policies employed by the Company to manage these risks are discussed below.

A. Credit risk:

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property which enables it to ensure the prompt collection of customers' balances. The Company's main financial assets are cash and cash equivalents as well as other receivables and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Company holds cash with major financial institutions In Israel.
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2017	December 31, 2016
Cash and Cash Equivalents	14,158	752
Restricted Cash	57	34
Trade receivables	140	-
Other Accounts Receivable	155	71
Total	**14,510**	**857**

NOTE 19- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

B. Currency risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the New Israeli Shekel and the AUD. The Company's policy is not to enter into any currency hedging transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Assets	December 31, 2017			
	NIS	AUD	RMB	Total
Cash and cash equivalents	140	5,605	4,101	9,846
Restricted cash	47	-	-	47
Other accounts receivable	65	-	75	140
	252	**5,605**	**4,176**	**10,033**
Liabilities	**December 31, 2017**			
	NIS	AUD	RMB	Total
Trade and other payables	838	98	11	947
Long term loan	105	-	-	105
Derivative liability	-	778	-	778
	943	**876**	**11**	**1,830**
Net	**(691)**	**4,729**	**4,165**	**8,203**

Assets	December 31, 2016		
	NIS	AUD	Total
Cash and cash equivalents	207	541	748
Restricted cash	34	-	34
Other accounts receivable	37	10	47
	278	**551**	**829**
Liabilities	**December 31, 2016**		
	NIS	AUD	Total
Trade and other payables	512	-	512
Convertible loan	-	1,519	1,519
	512	**1,519**	**2,031**
Net	**(234)**	**(968)**	**(1,202)**

NOTE 19- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

C. Sensitivity analysis:

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	December 31, 2017	December 31, 2016
Linked to NIS	(691)	(234)
	10%	10%
	(69)	(23)
Linked to AUD	4,729	(968)
	10%	10%
	473	(97)
Linked to RMB	4,165	-
	10%	-
	416	-

D. Liquidity risks:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	December 31, 2017	December 31, 2016
Trade and other payables	1,191	512
Bank loans	4,086	2,281
Loan from shareholder	507	509
Convertible Loan	-	1,403
	5,784	4,705

E. Fair value of financial assets and liabilities:

Items carried at fair value as of December 31, 2017 and 2016 are classified in the table below:

	Fair value measurements using input type			
	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	-	(778)	-	(778)

	Fair value measurements using input type			
	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Convertible loan	-	-	(1,519)	(1,519)

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

	Convertible loan
Convertible loan as of December 31, 2016	(1,519)
Receipts of convertible loan	(179)
Change in fair value of convertible loan	(62)
Conversion of convertible loan into shares and warrants	1,760
Convertible loan as of December 31, 2017	**-**

DIRECTOR'S DECLARATION

In the opinion of the directors of G Medical Innovations Holdings Ltd (the "Company"):

1. The financial statements and notes, as set out on pages 9 to 29 are in accordance with the International Financial Reporting Standards:
   a) comply with International Accounting Standards and other mandatory professional reporting requirements; and
   b) give a true and fair view of the Company and its controlled entities financial position as at 31 December 2017 and of its performance for the year ended on that date; and.
2. There are reasonable grounds to believe that G Medical Innovations Holdings Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dr Yacov Geva
President and Chief Executive Officer
Dated 25 February 2018

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 26 February 2018 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations 3rd Edition (Recommendations). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation.

The Company has adopted Corporate Governance Policies which provide written terms of reference for the Company's corporate governance practices.

The Company's Corporate Governance Policies are contained within the Corporate Governance Plan and available on the Company's website at www.gmedinnovations.com

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Roles of the Board & Management

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;

- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that its practice is consistent with, a number of guidelines including:
    - Corporate Code of Conduct;
    - Continuous Disclosure Policy;
    - Diversity Policy;
    - Performance Evaluation Policy;
    - Procedures for Selection and Appointment of Directors;
    - Risk Management Review Procedure and Internal Compliance and Control Policy;
    - Trading Policy; and
    - Shareholder Communication Strategy.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Chief Executive Officer responsibility for the management and operation of G Medical. The Chief Executive Officer is responsible for the day-to-day operations, financial performance and administration of G Medical within the powers authorised to him from time-to-time by the Board. The Chief Executive Officer may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Place available on the G Medical website.

Board Committees

The Board has established both an Audit and Risk Committee and a Nomination and Remuneration Committee.

The Committees meet as often as necessary to fulfil their roles. Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively, including adequate time to prepare for Committee meetings and in joining visits to the Company's operational sites.

The structure of the committees is as follows:

Audit & Risk Committee

Member	Qualifications	Number of Meetings Held	Number of Meetings Attended
Urs Wettstein	Certified Practising Accountant	2	2
Brendan de Kauwe	Bachelor of Science and Bachelor of Dental Surgery	2	2
Sam Skontos	B.Eng	2	2

Nomination & Remuneration Committee

Member	Qualifications	Number of Meetings Held	Number of Meetings Attended
Kenneth R Melani	Bachelor of Arts and Doctorate in Medicine	-	-
Louis Antoniou	Bachelor in Economics	-	-
Urs Wettstein	Bachelor in Economics	-	-

Board Appointments

The Company through the Board and the Nomination and Remuneration Committee undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Diversity

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

- Women employees in the Company 45%
- Women in senior management positions 30%
- Women on the Board 0%

The Company's Diversity Policy is contained within the Corporate Governance Plan and is available on its website.

Board & Management Performance Review

On an annual basis, the Board and its committees conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparing the performance of the Board against the requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting the Board to meet its objectives; and
- identifying any necessary or desirable improvements to the Board Charter.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;

- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Chief Executive Officer against agreed key performance indicators. Board and management performance reviews were conducted during the financial year in accordance with the above processes.

As the Company has not been listed for a full year, the Company has not yet completed any of these reviews.

Independent Advice

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Composition

The Company only listed on 13 July 2016 and as at the date of this report the Board was comprised of the following members:

Name	Position	Appointed
Dr Kenneth R Melani	Non-Executive Chairman	Appointed 21 August 2014
Dr Yacov Geva	President and Chief Executive Officer	Appointed 3 October 2014
Mr Louis Antoniou	Executive Director	Appointed 24 February 2017
Dr Shuki Gleitman	Non-Executive Director	Appointed 24 February 2017
Dr Brendan de Kauwe	Non-Executive Director	Appointed 24 February 2017
Mr Urs Wettstein	Non-Executive Director	Appointed 24 February 2017
Mr Sam Skontos	Non-Executive Director	Appointed 24 February 2017
Mr Ashley Krongold	Non-Executive Director	Appointed 19 September 2017

The Board consists of a majority of Non-Executive Directors.

G Medical has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

The Board does have a majority of independent directors. Dr Geva is not considered to be independent as he is a substantial holder in the Company. Mr Antoniou is not considered to be independent as he is an executive of the Company. Dr De Kauwe is not considered to be independent as he was in a material business relationship with the Company, having been involved in the capital raising prior to listing through his relationship with Otsana Capital.

Board Selection Process

The Board and the members of the Nomination and Remuneration Committee considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern G Medical. The Board and the Committee believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.
The Board and the Committee is responsible for the nomination and selection of directors. The Board and the Committee reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board and the Committee will establish a Board Skills Matrix. The Board Skills Matrix will include the following areas of knowledge and expertise:

- Strategic expertise;
- Specific industry knowledge;
- Accounting and finance;
- Risk management;
- Experience with financial markets; and
- Investor relations.

The creation and disclosure of the Board Skills Matrix will be undertaken with the annual Board performance assessment.

Induction of New Directors and Ongoing Development

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Company has implemented a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

The Board as a whole fulfills to the functions normally delegated to the Audit Committee as detailed in the Audit and Risk Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend G Medical's AGM and are available to answer questions from security holders relevant to the audit.
Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

CEO and CFO Certifications

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.
The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.
The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Chief Executive Officer are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Chief Executive Officer and the Company Secretary are responsible for ensuring that:

a) Company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
b) Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Contact" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from G Medical and G Medical's securities registry electronically. The contact details for the registry are available on the "Contact Us" page of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is committed to the identification, assessment and management of risk throughout G Medical's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and internal compliance and control framework. G Medical has established policies for the oversight and management of material business risks.
G Medical's Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

G Medical believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, G Medical is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

G Medical accepts that risk is a part of doing business. Therefore, the Company's Risk Management and Internal Compliance and Control Policy is not designed to promote risk avoidance. Rather G Medical's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

G Medical assesses its risks on a residual basis; that is it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, G Medical applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage G Medical's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management and Internal Compliance and Control Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board review's the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of G Medical's management of its material business risks on at each Board meeting.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board through the Nomination and Remuneration Committee periodically reviews the performance of directors and senior executives as detailed in the Remuneration Committee Charter.

G Medical has implemented a Remuneration Policy which was designed to recognise the competitive environment within which G Medical operates and also emphasise the requirement to attract and retain high caliber talent in order to achieve sustained improvement in G Medical's performance. The overriding objective of the Remuneration Policy is to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of G Medical.

The key principles are to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive erformance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board and the Nomination and Remuneration Committee determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board and the Nomination and Remuneration Committee are responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Chief Executive Officer, Non-Executive Directors and senior management based on an annual review.

G Medical's executive remuneration policies and structures of remuneration paid to directors and key management personnel (where applicable) are determined by the Board.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

At the time of listing, the maximum aggregate remuneration payable to Non-Executive Directors was set at $350,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

The total fees paid to Non-Executive Directors during the reporting period were $143,621.

Executive directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

In accordance with the Company's Securities Trading policy, participants in an equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

TAKEOVERS

The Company's Articles of Association (Article 48) sets out the takeover provisions and these are as follows:

48.1 Conditional Application

This Article 48 (the "Takeover Articles") will only apply to the Company upon the satisfaction of the following conditions:

(a) the Exchange granting the Company a waiver of ASX Listing Rule 15.15 to the extent necessary to permit the Company to include the Takeover Articles in these Articles; and

(b) the Company being admitted to the official list of the Exchange.

48.2 Definitions applying to Article 48

For the purposes of the Takeover Articles, the following additional definitions shall apply:

(a) **"ASIC"** means the Australian Securities and Investments Commission;

(b) **"Approving Resolution"** means a resolution to approve a Proportional Takeover Bid in accordance with Article 48.8;

(c) **"Associate"** has the meaning given in sections 12, 15 and 16 of the Corporations Act as if the reference to an Associate in these Articles occurred in a provision of Chapter 6 of the Corporations Act;

(d) **"Australian Policy"** means policy or guidance issued by ASIC or the Panel in relation to Chapter 6 of the Corporations Act;

(e) **"Corporations Act"** means the Corporations Act 2001 (Cth) and every regulation, modification, replacement and re-enactment thereof for the time being in force;

(f) **"Deadline"** means the 14th day before the last day of the bid period of the Proportional Takeover Bid;

(g) **"Listed Company"** has the same meaning as "listed company" when used in section 606 of the Corporations Act;

(H) **"Panel"** means the Australian Takeovers Panel

(i) **"Proportional Takeover Bid"** means a Takeover Bid for a specified portion of all shares;

(j) **"Relevant Interest"** has the meaning given in sections 608 and 609 of the Corporations Act;

(k) **"Takeover Bid"** has the meaning given in the Corporations Act as if the Company was a Listed Company ncorporated in Australia;

(l) **"Voter"** means a person (other than the person making the offer under a Proportional Takeover Bid or an Associate of that person) who, as at the end of the day on which the first offer under that Proportional Takeover Bid was made, held Voting Shares;

(m) **"Voting Power"** has the meaning given in section 610 of the Corporations Act; and

(n) **"Voting Shares"** means an issued Share in the Company that carries any voting rights beyond the following:

- **(i)** a right to vote while a dividend (or part of a dividend) in respect of the share is unpaid;
- **(ii)** a right to vote on a proposal to reduce the Company's share capital;
- **(iii)** a right to vote on a resolution to approve the terms of a buy-back agreement;
- **(iv)** a right to vote on a proposal that affects the rights attached to the Share;
- **(v)** a right to vote on a proposal to wind the Company up;
- **(vi)** a right to vote on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- **(vii)** a right to vote during the Company's winding up.

48.3 Purpose and interpretation of the Takeover Articles

(a) The purposes of the Takeover Articles are to ensure that:

- **(i)** the acquisition of control over Voting Shares takes place in an efficient, competitive and informed market; and
- **(ii)** each Member as well as the board of Directors;
  - **(A)** knows the identity of any person who proposes to acquire a substantial interest in the corporation; and
  - **(B)** is given reasonable time to consider a proposal to acquire a substantial interest in the corporation; and

(C) is given enough information to assess the merits of a proposal to acquire a substantial interest in the corporation; and

(iii) as far as practicable, stockholders holding the relevant class of Voting Shares all have a reasonable and equal opportunity to participate in any benefits accruing through a proposal to acquire a substantial interest in the corporation.

(b) In the interpretation of the Takeovers Articles, a construction that would promote the purpose or object underlying the Takeovers Articles is to be preferred to a construction that would not promote that purpose or object.

(c) Members acknowledge and recognise that the exercise of the powers given to the board of Directors pursuant to the Takeovers Articles may cause individual Members considerable disadvantage but Members acknowledge that such a result may be necessary to enable the enforcement of the prohibitions referred to in the Takeovers Articles.

48.4 Limitations on the Right to Hold Voting Shares

(a) No person may hold a Voting Share if it resulted from or was preceded by the acquisition of a Relevant Interest in that Voting Share which occurred after the Company was listed on the Exchange and which would be prohibited under section 606 of the Corporations Act if the Company was a Listed Company incorporated in Australia.

(b) The prohibition in paragraph (a) above does not apply:

(i) if any of the exceptions in section 611 of the Corporations Act would have applied to the acquisition of the Relevant Interest referred to in Article 48.4(a) if the corporation were a Listed Company incorporated in Australia, having taken into account sections 612 to 615 of the Corporations Act; or

(ii) if the board of Directors, applying the Corporations Act and Australian Policy, exempt the person who will hold or holds the Voting Share or who acquires or will acquire the Relevant Interest from the prohibition in Article 48.4(a) or modify the application of Article 48.4(a) to any such person.

(c) For the purposes of this Article 48.4, Chapter 6 of the Corporations Act applies to the Company as if it were a Listed Company incorporated in Australia and was the target where referred to in that Chapter, subject to the following:

(i) any requirement for a document to be lodged with ASIC will be taken to be satisfied if the document is given to the Exchange instead;

(ii) any references to ASIC other than those relating to lodgement of documents will be taken to be references to the board of Directors;

(iii) references to the Panel will be taken to be references to the Supreme Court of Western Australia and any courts of appeal therefrom; and

(iv) any Takeover Bid must be made in compliance with the provisions of Chapter 6 of the Corporations Act and Australian Policy as they apply to the corporation pursuant to the Takeovers Articles, except to the extent any non-compliance is approved in writing by the Board of Directors.

(d) In the interpretation of Chapter 6 of the Corporations Act for the purposes of this Article 48.4, a construction that would promote the purpose or object underlying the Takeovers Articles and principles of relevant Australian policy or guidance (including that issued by ASIC or the Panel in elation to Chapter 6 of the Corporations Act) is to be preferred to a construction that would not promote that purpose or object or those principles.

(e) For the purpose of Article 48.4(a), a person holding or acquiring a Relevant Interest shall together with his Associates be considered as one person in respect of such Relevant Interest and each of them, to the extent he holds one or more shares, shall be jointly and severally liable for each other's obligations under the Takeover Articles. In addition, there may be imposed on each of them the other remedies referred to in Article 48.4(g) below.

(f) For the purpose of Article 48.4(a), if one or more persons pursuant to an agreement or a nominee or trustee arrangement act together for the purpose of:

(i) holding or acquiring a Relevant Interest; or

(ii) circumventing the prohibition as referred to in Article 48.4(a), all of them shall be considered as one person in respect of such Relevant Interest, or circumvention of the prohibition. Each of them, to the extent he holds one or more shares shall be jointly and severally liable for each other's obligations under these by-laws. In addition, there may be imposed on each of them the other remedies referred to in Article 48.4(g) below.

(g) If a breach by a person of the provisions of Article 48.4(a) has occurred and is continuing, then, subject to Article 48.4(h) below, the board of Directors, an officer of the Company or any other interested person aggrieved by a breach of the provisions of Article 48.4(a) may cause the Company to exercise any one or more of the following remedies:

- **(i)** require, by notice in writing, the stockholder to dispose of all or part of the shares so held in breach of Article 48.4(a) within the time specified in the notice;
- **(ii)** suspend and disregard the exercise by such person of all or part of the voting rights arising from the shares; or
- **(iii)** suspend such person from the right to receive all or part of the dividends or other distributions arising from the shares so held in breach of Article 48.4(a).

(h) The Company may only exercise the remedies referred to in this Article 48.4(h) if a judgment has been obtained from a competent court that a breach of the prohibition in Article 48.4(a) has occurred and is continuing. The Company must act in accordance with such judgment including with respect to the remedies (if any) which the court requires or allows the corporation to exercise.

(i) If the requirements of any notice pursuant to Article 48.4(g) are not complied with by the person within the time specified in the notice, the Company must, as an irrevocable proxy of the Member, without any further instrument, cause the Shares referred to in the notice to be sold on the Exchange or, if they are not so quoted, in accordance with these Articles and the Corporations Act.

(j) The Company:

- **(i)** may appoint a person as transferor to effect a transfer in respect of any Shares sold in accordance with this Article and to receive and give good discharge of the purchase money for them;
- **(ii)** may register the transfer despite the fact that the share certificates (if any) may not have been delivered to the Company;
- **(iii)** may issue a new share certificate (if any) in which event the previous certificate(s) is (are) deemed to have been cancelled;
- **(iv)** if the person delivers the relevant share certificates (if any) to the Company for cancellation, must pay the purchase money less the expenses of any sale made in accordance with Article 48.4(j)(i) to the person whose shares were sold; and
- **(v)** if the person does not deliver the relevant share certificates (if any) to the Company, may bring an action against the person for recovery of such share certificates, and the person is not entitled to deny or dispute the Company's ownership and right to possession of any share certificate in any legal action.

(k) The Company may, by notice in writing, at any time require any Member to provide to the Company any information or evidence (on oath or otherwise verified if the Company reasonably equires) as the Company may consider likely to be of assistance in determining whether or not that person is in breach of Article 48.4(a) with respect to any of his shares.

(l) Where the board of Directors exercise any power given to ASIC in Chapter 6 of the Corporations Act to consent to any matter, grant an exemption from or modification to any provision of Chapter 6 of the Corporations Act as it applies to the Company pursuant to the Takeover Articles, the Directors must act reasonably and in a timely manner in respect of any request for such consent, modifications or exemptions having regard to the purposes in Article 48.3, the Corporations Act and Australian Policy.

(m) Notwithstanding any other provision in these Articles, the Company has no liability arising from any person holding Shares in circumstances which would result in or have the effect of causing an infringement or contravention of Article 48.4(a). The Company, the Directors and the Members have no liability to any person arising from any action taken by the Company or the board of Directors under Article 48.4(g), provided that such action was taken in good faith. Members acknowledge that they have no right of action against the board of Directors or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the Directors exercising their powers pursuant to the provisions of Article 48.4.

48.5 Relevant Interest in Shares

(a) Part 6C.2 of the Corporations Act applies to the Company and is binding on and must be complied with by all Members as if the Company were a Listed Company and incorporated in Australia, subject to all eferences to ASIC being read as references to the board of Directors.

(b) Part 6C.1 of the Corporations Act applies to the Company and is binding on, and must be complied with by all Members as if the Company were a Listed Company and incorporated in Australia.

(c) Each Member must ensure that any person who the Member is aware has a Relevant Interest or Voting Power in any of the Voting Shares held by that Member also complies with Part 6C.1 of the Corporations Act as if the Company were a Listed Company and incorporated in Australia.

(d) If the requirements of Articles 48.5(a), (b) or (c) are not complied with, the Company may:

- **(i)** suspend and disregard the exercise by such person of all or part of the voting rights arising from the shares; or
- **(ii)** suspend such person from the right to receive all or part of the dividends or other distributions arising from the shares,

provided that the Company may only take the steps referred to in paragraphs (i) and (ii) above for non compliance with Article 48.5© in respect of the Shares in which persons other than the Member have a Relevant Interest or Voting Power if any of those persons did not comply with Part 6C.1 of the Corporations Act as it applies to the Company pursuant to Article 48.5© and not in respect of other Shares held by the Member.

(e) The Company may, by notice in writing, at any time require any Member to provide to the Company any information or evidence (on oath or otherwise verified if the Company reasonably requires) as the Company may consider likely to be of assistance in determining whether or not that person is in breach of Articles 48.5(a), (b) or (c) with respect to any of his or her shares.

(f) The Company, the Directors and the Members have no liability to any person arising from any action taken by the Company or the Directors under this Article 48.5 provided that such action was taken in good faith. Members acknowledge that they have no right of action against the Directors or the Company for any loss or disadvantage incurred by them as a result, whether direct or indirect, of the Directors exercising their powers pursuant to the provisions of this Article 48.5.

48.6 Consultation with ASX.

For so long as Shares are quoted on the Exchange, if the Company becomes subject to the law of any jurisdiction which applies so as to regulate the acquisition of control, and the conduct of any takeover, of the Company:

(a) the Company shall consult promptly with the Exchange to determine whether, in the light of the application of such law:

- **(i)** the Exchange requires any amendment of the Takeover Articles in order for these Articles to comply with the Exchange Rules as then in force; or
- **(ii)** any waiver of the Exchange Rules permitting the inclusion of all or part of the Takeover Articles has ceased to have effect; and

(b) where:

- **(i)** the Exchange Rules require these Articles to contain a provision and it does not contain such a provision;
- **(ii)** the Exchange Rules require these Articles not to contain a provision and it contains such a provision; or
- **(iii)** any provision of these Articles is or becomes inconsistent with the Listing Rules,

  the directors shall amend these articles or put to a general meeting a proposal to amend these articles so as to make them, to the fullest extent permitted by all applicable law, consistent with the exchange rules.

48.7 Proportional Takeover Bid Approval

(a) Where offers are made under a Proportional Takeover Bid, the board of Directors must call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline. Notwithstanding anything to the contrary in these Articles, for the purposes of this Article 48.7, the meeting of Voters may be called upon not less than 10 days' notice.

(b) If an Approving Resolution in relation to a Proportional Takeover Bid is voted on in accordance with this Article 48.7 before the Deadline, the Company must, on or before the Deadline, give the person making the offer and the Exchange a written notice stating that an Approving Resolution has been voted on and whether such resolution was passed or rejected.

(c) Notwithstanding any other provision of these Articles, the board of Directors must refuse to register a transfer of Shares giving effect to a takeover contract for a Proportional Takeover Bid unless and until an Approving Resolution is passed in accordance with this Article 48.7.

48.8 Voting on an Approving Resolution

(a) Subject to Article 48.7, the provisions of these Articles concerning meetings of Members (with the necessary changes) apply to a meeting held pursuant to Article 48.7.

(b) Subject to these Articles, every Voter present at the meeting held under Article 48.7 is entitled to one vote for each Voting Share that the Voter holds.

(c) To be effective, an Approving Resolution must be passed before the Deadline.

(d) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the umber of votes in favour of the resolution bears to the total number of votes on the resolution is greater than fifty percent (50%), and otherwise is taken to have been rejected.

(e) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Article 48.8, to have been passed in accordance with this Article 48.8.

(f) This Article 48.8 ceases to apply on the third anniversary of the adoption of these Articles or, if the Members resolve to extend the term of this Article 48.8, the third anniversary of such resolution.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 21 March 2018.

As at 21 March 2018 there were 1,891 holders of Ordinary Fully Paid Shares

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

- **(a)** at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- **(b)** on a show of hands each person present who is a member has one vote; and
- **(c)** on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHEREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Fully Paid Shares

Position	Holder Name	Holding	% IC
1	Bank Julius Baer & Co Ltd	193,036,154	56.83%
2	HSBC Custody Nominees (Australia) Limited	5,726,322	1.69%
3	Rafi Heumann	4,942,124	1.46%
4	Eran Gilboa	4,415,151	1.30%
5	Ariel Malik Consulting Ltd	4,415,151	1.30%
6	Antel Solutions LLC	4,314,157	1.27%
7	Romfal Sifat Pty Ltd <The Fizmail Family A/C>	3,738,637	1.10%
8	Buzz Capital Pty Ltd <ZI Vestment A/C >	3,738,637	1.10%
9	Kenneth Melani	3,309,438	0.97%
10	Nir Geva	3,246,413	0.96%
11	Kobi Ben Efraim	3,246,406	0.96%
12	Attollo Investments Pty Ltd <Attollo Investment A/C>	2,670,455	0.79%
13	Citicorp Nominees Pty Limited	2,664,994	0.78%
14	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient Drp>	2,075,950	0.61%
15	Dr Borenstein Ltd	1,851,516	0.55%
16	Cardiac Advancements LLC	1,790,171	0.53%
17	Mr Cezary Nowak	1,780,000	0.52%
18	Silver Horizon Pty Ltd	1,750,000	0.52%
19	J P Morgan Nominees Australia Limited	1,525,100	0.45%
20	Medek Investments Pty Ltd <Medek Super Fund A/C>	1,323,539	0.39%
	Totals	**251,560,315**	**74.06%**

ASX ADDITIONAL INFORMATION (CONT)

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 21 March 2018 are:

Name	No of Shares Held	% of Issued Capital
Yacov Geva	195,672,154	57.61%

Note: Securities are held beneficially and registered through Bank Julius Baer & Co Ltd (193,036,154 shares) and HSBC Custody Nominees (Australia) Limited (2,636,000 shares)

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	61	18,659	0.01%
1,001 - 5,000	421	1,282,527	0.38%
5,001 - 10,000	323	2,747,423	0.81%
10,001 - 100,000	870	32,070,383	9.44%
100,001 - 9,999,999,999	216	303,549,627	89.36%
Totals	**1,891**	**339,668,619**	**100.00%**

Unmarketable Parcels – 128 Holders. This is based on a price of $0.305, being the price recently paid for ordinary fully paid shares as at the close of business on 21 March 2018.

RESTRICTED SECURITIES

As at 21 March 2018 the following securities are subject to escrow:

- 233,898,001 Ordinary Fully Paid Shares escrowed until 10 May 2019
- 3,254,859 Ordinary Fully Paid Shares voluntarily escrowed until 30 May 2018
- 20,315,170 Options Expiring 1 May 2020 @ AU$0.30 escrowed until 10 May 2019
- 5,240,386 Options Expiring 1 May 2020 @ AU$0.30 escrowed until 1 May 2018
- 60,000,000 Performance Rights Class B[1] escrowed until 10 May 2019
- 60,000,000 Performance Rights Class C[2] escrowed until 10 May 2019

RESTRICTED SECURITIES

As at 21 March 2018, the following unquoted securities are on issue:

20,315,170 Options Expiring 1 May 2020 @ AU$0.30 escrowed until 10 May 2019 – 38 holders

There are no Holders with more than 20%

5,240,386 Options Expiring 1 May 2020 @ AU$0.30 escrowed until 1 May 2018 – 18 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Asenna Wealth Solutions Pty Ltd	1,666,667	31.80%

[1] *Class B Performance Rights will vest and convert to ordinary shares when the Company receives revenue of US$30 million during any continuous period of 12 months within 24 months from Admission. The Class B Performance Rights will automatically lapse after 24 months from Admission on the ASX.*

[2] *Class C Performance Rights will vest and convert to ordinary shares when the Company's cumulative Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') during the period of 36 months following the date of Admission is US$25 million. The Class C Performance Rights will automatically lapse after 36 months from Admission on the ASX.*

60,000,000 Performance Rights Class B[1] escrowed until 10 May 2019 – 15 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Bank Julius Baer & Co Ltd	49,745,275	82.91%

Note: Yacov Geva is the beneficial holder of the stock.

60,000,000 Performance Rights Class C[2] escrowed until 10 May 2019 – 15 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Bank Julius Baer & Co Ltd	49,745,275	82.91%

Note: Yacov Geva is the beneficial holder of the stock.

2,000,000 Options Expiring 21 November 2020 @ AU$0.52 – 7 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
LTL Capital Pty Ltd	1,750,000	87.50%

985,739 Options Expiring 5 years from issue @ US$0.00001 – 14 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Prof Rotshtain Zeev	371,976	37.74%

87,198 Options Expiring 5 years from issue @ AU$0.20 – 3 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Fraser Finance LLP	50,000	57.34%
Mark Bogart	27,198	31.19%

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities in a way consistent with its business objectives.

[1] *Class B Performance Rights will vest and convert to ordinary shares when the Company receives revenue of US$30 million during any continuous period of 12 months within 24 months from Admission. The Class B Performance Rights will automatically lapse after 24 months from Admission on the ASX.*

[2] *Class C Performance Rights will vest and convert to ordinary shares when the Company's cumulative Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') during the period of 36 months following the date of Admission is US$25 million. The Class C Performance Rights will automatically lapse after 36 months from Admission on the ASX.*

BDO

Independent Auditors' Statements to Shareholders of

G Medical Innovations Holdings Ltd.

Opinion

We have audited the accompanying consolidated financial statements of G Medical Innovations Holdings Ltd. (the "Company"), which comprise the statements of consolidated financial position as at December 31, 2017 and 2016, and the related statements of comprehensive income, changes in equity (deficit) and cash flows for each of the two years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017 and 2016, and of its financial performance and its cash flows for each of the two years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audits of the financial statements in Israel, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audits Matters

Key audits matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current period. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Share Based Compensation	*How the matter was addressed in our audits*
Share based compensation for the year ended December 31, 2017 amounted to 18.2 Million USD. The related disclosure appears in Note 13 to the financial statements. The consolidated entity has a share based	Our procedures in respect of this area included: • Evaluating the calculation of the fair value in conjunction with our valuation experts and to a report prepared by an independent valuation expert.

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remuneration scheme for employees and also provided performance rights to certain officers. The fair value of share options is estimated by using the a Monte-Carlo simulation, which was aimed to value of the firm's equity over time .The simulation model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the firm and the volatility of its shares., on the date of grant based on certain assumptions. Those conditions are described in the share based compensation note and include, among others, the dividend growth rate, expected share price volatility and expected life of the options. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is taken to equity, based on the consolidated entity's estimate of shares that will eventually vest. Share-based compensation calculation is a judgmental accounting area which requires assumptions utilized in the fair value calculations. There is a risk in the financial statements that amounts are incorrectly recognized and/or inappropriately disclosed.	• Holding discussions with key management personnel to understand the share-based compensation schemes in place and the changes made to the awards if any. • We read relevant documents related to the scheme, and obtained evidence of shareholder approval. • Our valuation experts examined the reasonability of the assumptions and the methodology which were the basis of the calculation • We examined the reputation and the objectivity of the company's expert. • We verified the inputs data of the calculations by reference to, where appropriate, external data. We considered the adequacy of the Company's disclosures in respect of the treatment of share-based payments in the financial statements, and over the disclosure on its accounting policies.

Business Combination	***How the matter was addressed in our audits***
As of December 31 2017, the company completed the acquisition of CardioStaff Diagnostic Services Inc as appeared in Note 1B to the financial statements. As part of the purchase the company assumed up to a maximum of $3.22 million in debt and issued $1 million in the Company's shares. The purchase price consideration was allocated by an independent third party in accordance with the valuation policy set out in the note between the acquired tangible assets and intangible assets, based on their estimated fair values. The estimated fair value assigned to identifiable intangible assets acquired has been determined by using valuation methods that accounts for replacement costs, using estimates and assumptions determined by	Our procedures in respect of this area included: • Assessing the competence and objectivity of the company's external expert ; • Understanding management's process around the intangible and tangible assets valuations and the oversight applied by the Directors; • Testing the accuracy of the information contained in the valuation by agreeing key inputs to underlying records and source evidence; • Assessing the forecasts used in the valuations with reference to current financial results such as revenues and expenses. • Assessing the appropriateness of the related disclosures in notes 1B and 2B to the consolidated financial statements.

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management. Based on the above, the Company determined that the purchase price exceeded the estimated fair values of assets acquired by approximately \$2.9 million USD, which is recognized as goodwill. A valuation process by nature requires significant judgment due to the impact that changes in assumptions can have on the valuations; in particular, the forecast cash flows, capitalization rates and discount rates.	• We used our valuation specialists to review management purchase price allocation and its assessment of the identification of intangible assets. • The valuation methodology and assumptions were tested as following: o discussions with the company's external expert in order to understand the methodology and assumptions used; o Verifying the intangible assets recognized, according to accounting standards instructions; o Checking the methodology used to evaluate the intangible assets purchased according to common valuation professional methods; o Examining the assumptions and forecasts used in the valuation, focusing on the capitalization rate and discount rate with reference to external market trends and transactions. o Examining the inputs data used for the valuation

Other information

The directors are responsible for the other information. The other information comprises the information contained in the directors' report for the year ended 31 December, 2017, but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management and the directors determines is necessary to enable the preparation of consolidated financial statements that are free from

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material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the management and the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audits in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

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

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

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

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

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

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

We also provide those charged with governance regarding with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with We also provide those charged with governance regarding with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards., we determine those matters that were of most significance in the audits of the financial statements of the current period and are therefore the key audits matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tel-Aviv, Israel
February 25, 2018

Ziv haft
Certified Public Accountants (Isr.)
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AUDITOR'S INDEPENDENCE DECLARATION

DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS G MEDICAL INNOVATIONS HOLDINGS LTD.

As lead auditor of G Medical Innovations Holdings Ltd. for the year ended 31 December, 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements in relation to the audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of G Medical Innovations Holdings Ltd. and the entities it controlled during the period.

Tel-Aviv, Israel
February 25, 2018

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

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