



27 February 2019

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir or Madam

**RELEASE OF MYFIZIQ LIMITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

In accordance with the ASX Listing Rules, please find attached the following:

1. Appendix 4D – half yearly report;
2. Half year financial report for the half year ended 31 December 2018 including the Directors' Report.

Yours faithfully  
By Order of the Board

**Kevin Hart**  
Company Secretary  
MyFiziq Limited

# MYFIZIQ LIMITED

## Appendix 4D

### Half-year report

### for the half-year ended 31 December 2018

Name of entity: **MYFIZIQ LIMITED**

ACN: **602 111 115**

Current Reporting Period **Half Year ended 31 December 2018**

Previous Reporting period **Half Year ended 31 December 2017**

#### Results for announcement to the market.

##### Item 1

	6 months ending			
Operating Performance	31 Dec 2018 \$	31 Dec 2017 \$	Movement \$	Movement %
Revenue from continuing activities	477,548	1,713,806	(1,236,258)	-72.1%
Profit/(loss) from continuing activities after income tax	(2,080,863)	(11,733,082)	9,652,219	82.3%
Net profit/(loss) for the half year attributable to members	(2,080,863)	(11,733,082)	9,652,219	82.3%

##### Item 2

Dividends
It is not proposed to pay dividends.
There are no dividend or distribution reinvestment plans in operation and there has been no dividend or distribution payments during the financial half year ended 31 December 2018.

**Item 3 – Brief Explanation**

Revenue from continuing activities for the 6 months ending 31 December 2018 included \$379,376 in joint venture revenues (2017: \$171,419). No one-off licence fees were received in the current reporting period (2017: \$1,500,000) which resulted in a reduction in revenue for the current reporting period.

The loss after income tax for the 6 months ended 31 December 2018 includes a total share based payments expense of \$960,004 (2017: \$11,765,452). There were no material changes in other cost categories.

**Item 4**

Net Tangible Assets	6 months ending			
	31 Dec 2018	31 Dec 2017	Movement	Movement
	\$	\$	\$	%
Net tangible assets/(liabilities) per security	(\$0.023)	\$0.010	-\$0.033	-327%

The Company at 31 December 2018 is in a net liability position. Subsequent to the end of the reporting period, the Company entered into a Subscription Agreement to issue 10m shares at A\$0.60 per share to raise \$6m. The shares will be issued over 6 tranches commencing February 2019 and concluding in September 2019. On 21 February 2019, the Company received the first tranche funds of \$1.2m.

**Item 5**

Control gained or lost over Entities during the period
Nil

**Item 6**

Controlled Entities and joint ventures	Ownership interest as at	
	31 December 2018 %	31 December 2017 %
<b>Parent Entity:</b> MYFIZIQ LIMITED		
<b>Joint venture entities:</b> Joint venture entity: Body Composition Technologies Pte Limited Percentage holding in JV entity	50%	50%
<b>Controlled entities:</b> MyFiziq Inc. <sup>1</sup> Percentage holding in controlled entity	100%	0%

<sup>1</sup> In January 2018, wholly owned subsidiary MyFiziq Inc. was incorporated in the United States of America in preparation for the commercialisation of the technology in the USA. During the reporting period there was no activity in this subsidiary.

**Item 7**

<b>Accounting Standards</b>
The financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

**Item 8**

<b>Auditor's review report</b>
Our half-year report is based on the financial report of MYFIZIQ LIMITED for the half-year ended 31 December 2018, which has been reviewed by PKF Perth. Refer to the 31 December 2018 half-year financial report for the independent auditor's review report provided to the members of MYFIZIQ LIMITED.

<b>Appendix 4D Requirements</b>	<b>Reference</b>
1. Reporting period and the previous corresponding period.	Refer to page 1 of this report.
2. Results for announcement to the market.	Refer to page 1 of this report "Results for announcement to the market" and Items 1, 2 and 3 of this report.
3. Net tangible assets per security.	Refer to Item 4 of this report.
4. Details of entities where control has been gained or lost during the period.	Refer to Item 5 of this report.
5. Details of individual and total dividends or distributions and dividend or distribution payments.	Refer to Item 2 of this report.
6. Details of dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in a dividend or distribution reinvestment plan.	Refer to Item 2 of this report.
7. Details of joint venture and associated entities.	Refer to Item 6 of this report.
8. For foreign entities, accounting standards used in compiling reports.	Not applicable.
9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.	Refer to Item 8 of this report.



**MYFIZIQ LIMITED**

**ACN 602 111 115**

**Financial Statements**

**For The Half-Year Ended  
31 December 2018**

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## **Directors' Report**

The Directors present the financial statements of MyFiziq Limited for the half-year ended 31 December 2018.

### **Directors**

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

Peter Wall	<i>(Non-Executive Chairman)</i>
Vlado Bosanac	<i>(Executive Director and CEO)</i>
Michael Melby	<i>(Non-Executive Director)</i>
Nicholas Prosser	<i>(Non-Executive Director)</i>

### **Company Secretary**

Kevin Hart

### **Review of Operations**

The net loss after income tax for the half-year was \$2,080,863 (31 December 2017: \$11,733,082). This net loss included share-based payments of \$960,004 (31 December 2017: \$11,765,452) in relation to options and performance rights issued to employees and directors.

At the end of the half-year the Company had \$341,920 (30 June 2018: \$171,776) in cash and at call deposits. Capitalised development costs relating to the MyFiziq app at the end of the half year were \$1,492,537 (30 June 2018: \$1,560,388).

During the period under review the company pushed forward towards commercialisation with:

- 2 new commercial partners signed,
- the commencement, and extension of a Prudential Employee Wellness PoC,
- expansion of discussions and prototypes into the apparel market,
- the first version of the Android SDK completed,
- in device processing nearing completion, with expected launch in April.
- external validation of circumference measurement and body composition accuracy,
- a further 3 patents granted, in Singapore, Korea and Japan.
- Body Composition Technologies Pte Ltd ("BCT") data collections expansion to Indonesia and Thailand.

As announced to the ASX on the 17th of December 2018, MyFiziq will be incorporated into WellteQ's application and made available across Toll's Australian workforce. Under the commercial terms between WellteQ and MyFiziq, MyFiziq will be integrated into WellteQ's state-of the-art wellness analytics platform. The application will be released to Toll's 12,000 Australian employees in Q1-2019 marking the first month app revenue for the company outside of POC work. WellteQ has an existing corporate clientele with both Australian multinationals and global Fortune 500 companies including but not limited to Qantas, Bupa, Prudential, Telstra, Credit Suisse, Rolls Royce, Deakin University, King & Wood Mallesons, and GWSW AFL to name a few. It is the intention between the companies that the WellteQ application will always include the MYQ functionality. We look forward to expanding out engagement into these companies throughout the course of 2019.

## **Directors' Report**

### **Review of Operations (continued)**

In October 2018, MyFiziq announced its third strategic partnership in North America with digital fitness solutions company, FitLab, LLC (d/b/a MVMNT), which will see MyFiziq integrated into the cutting-edge mobile application (app) of its partner, McGregor FAST. MVMNT will integrate the MyFiziq technology into the McGregor FAST app, which will then be promoted to McGregor's social media base (currently 41.5 million followers in aggregate) and the broader UFC fan community, who will be able to track changes in their body using the MyFiziq technology as they follow McGregor's training plans.

During the period under review, MyFiziq announced the launch of a wellness platform Proof of Concept (PoC) to the employees of Prudential branded PRUedge. MYQ is offering its smartphone-based body measurements application within the WellteQ platform. This combined offering with the uniqueness of the MyFiziq body composition tracking and the advanced analytics of WellteQ creates an ability to transform the sector. The white-labelled app has been custom designed and includes bespoke user benefits including anthropometric measurement tracking, tailored health prompts, personalized goal setting and targets, and a user recognition and reinforcement platform. Further to this release, MyFiziq gave additional guidance that the PoC has been extended to March 2019.

Additionally, MyFiziq announced its strategy to enter the online apparel industry. The company is now working on using data captured from images through the smartphone to accurately dimension consumers' form and autofit them to the right garment size when shopping online, irrespective of the garment type, material, style, or fit and eliminating the need for wrong size returns and the dissatisfaction consumers have when receiving the incorrect size garment. The MyFiziq offering will have the ability to integrate into any online retailer with a simple software development kit, enabling brands to design custom solutions and allowing customers more simplicity and flexibility in choosing the correct size online.

The base MyFiziq Android SDK was also completed and passed external penetration and security testing with Diamond Cyber security. The successful result further strengthens the ongoing protection of MyFiziq's intellectual property for both iOS and Android platforms.

During the reporting period much of the work for In-device processing occurred. In-device processing will enable MyFiziq to move its patented segmentation model from Amazon's Web Services platform to Apple's iOS device platform. The software update allows users to run core functionality directly in their device and addresses a number of global requirements around transfer and storage of personal data. Currently, the MyFiziq measurement process sends encrypted images to the cloud for processing. The new Image Capture Process SDK will instead use an in device embedded machine learning model to create non-personally identifiable segmented images for processing. This change allows anonymity to be protected as photos taken never need to leave a user's device. The new functionality will allow partners to further demonstrate accountability and compliance with data regulations across various regions. The new upgrade has been very well received in recent presentations in Asia and Europe.

MyFiziq also announced that its accuracy had been validated by Professor Timothy Ackland, Professor of Applied Anatomy and Biomechanics, of The University of Western Australia. The MYQ Application achieved an average accuracy of 97.5% across the four circumference measurements when compared to the criterion measures recorded by anthropometrists using a girth tape in a study of over 800 participants.

Separately to the circumference measurements application, MyFiziq, in conjunction with Body Composition Technologies Pte Ltd ("BCT"), has developed an additional application which measures a person's total body fat volume/percentage. This body fat application was also rigorously tested across the subjects achieving an average accuracy of 89% for the percentage body fat score when compared to the criterion measure determined by iDXA.



## **Directors' Report**

### **Review of Operations (continued)**

During the period under review, MyFiziq received: Japanese, Singaporean, and South Korean patents. This adds to the existing regions where MyFiziq holds patents being the USA and Australia. MyFiziq has patents pending in the following regions and will continue work to finalise these patents: Canada, China, Europe, India, and New Zealand.

The BCT/MyFiziq joint venture has also made significant progress with the refinement of its body composition application during the period, as a result, BCT has entered into data collection agreements with universities and health care organisations in Australia, Indonesia, and Thailand, and is now in the final stage of agreements with universities and medical institutions in Singapore and South Africa. These agreements are for the collection of imaging data from thousands of participants across several major ethnicities. This will give BCT access to the specific data needed to optimise its technology in readiness for commercial release. Importantly, the same institutions will also independently validate the technology and its outputs. In addition, BCT is negotiating agreements to expand data collection sites into India, China, and North America.

### **Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the Company during the period.

### **Matters Subsequent to the End of the Financial Period**

Other as shown below, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years:

- On 31 January 2019, the Company executed a Binding Term Sheet with Asia Cornerstone Asset Management (ACAM) to raise a total of \$6,000,000. On 12 February 2019, the binding Subscription Agreement with ACAM was executed. Under the Subscription Agreement, the Company will issue a total of 10 million fully paid shares at \$0.60 per share over 6 tranches, commencing February 2019 and concluding in September 2019. On 21 February 2019, the Company received the first tranche funds of \$1.2m.

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

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

DATED at Perth this 27<sup>th</sup> day of February 2019.



**Vlado Bosanac**  
**Executive Director**

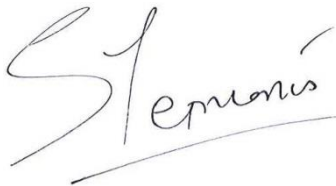
## AUDITOR'S INDEPENDENCE DECLARATION

### TO THE DIRECTORS OF MYFIZIQ LIMITED

In relation to our review of the financial report of MyFiziq Limited for the half year ended 31 December 2018, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF PERTH



SIMON FERMANIS  
PARTNER

27 FEBRUARY 2019  
WEST PERTH  
WESTERN AUSTRALIA

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**MyFiziq Limited**  
**ACN 602 111 115**

**Condensed Statement of Profit or Loss and Other Comprehensive Income**  
**For the half-year ended 31 December 2018**

	Note	31 December 2018 \$	31 December 2017 \$
<b>Revenue</b>			
Reimbursements from joint venture		379,376	171,419
Licence income		-	1,500,000
Other income	3	98,119	40,496
Interest income		53	1,891
Total Revenue		477,548	1,713,806
<b>Expenses</b>			
Employee expenses	3	(2,154,272)	(13,044,000)
Consulting and advisory		(149,302)	(208,018)
Corporate		(191,219)	(128,990)
Brand development and patent costs		(138,862)	(107,759)
Marketing and publicity		(25,455)	(56,697)
Telecommunications and IT		(57,787)	(47,405)
Occupancy costs		(69,647)	(58,842)
Financing costs		(41,342)	(1,301)
Share of loss of a joint venture		-	(680)
Depreciation & amortisation expenses		(98,185)	(10,116)
Administration and other expenses		(163,982)	(304,811)
Total expenses		(3,090,053)	(13,968,619)
Loss before income tax	3	(2,612,505)	(12,254,813)
Income tax benefit	3	531,642	521,731
Net loss for the period		(2,080,863)	(11,733,082)
Other comprehensive income		-	-
Total comprehensive loss for the period		(2,080,863)	(11,733,082)
<b>Loss per share</b>		<b>cents</b>	<b>cents</b>
Basic and diluted loss per share		(2.55)	(14.84)

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

**MyFiziq Limited**  
**ACN 602 111 115**

**Condensed Statement of Financial Position**  
**As At 31 December 2018**

	Note	31 December 2018 \$	30 June 2018 \$
<b>Current assets</b>			
Cash and cash equivalents		341,920	171,776
Trade and other receivables		62,763	134,895
Prepayments		25,796	61,966
Inventories		4,788	4,788
Total current assets		435,267	373,425
<b>Non-current assets</b>			
Other financial assets		37,500	37,500
Property, plant and equipment		58,313	39,934
Intangible assets – application development costs		1,492,537	1,560,388
Total non-current assets		1,588,350	1,637,822
<b>Total assets</b>		2,023,617	2,011,247
<b>Current liabilities</b>			
Trade and other payables		393,969	667,034
Employee leave liabilities		192,509	167,342
Interest bearing borrowings	4	453,210	-
Total current liabilities		1,039,688	834,376
<b>Non-current liabilities</b>			
Interest bearing borrowings	4	1,408,832	480,915
Total non-current liabilities		1,408,832	480,915
<b>Total liabilities</b>		2,448,520	1,315,291
<b>Net Liabilities</b>		(424,903)	695,956
<b>Equity</b>			
Issued capital	5	9,220,356	7,212,356
Reserves		11,242,000	12,289,996
Accumulated losses		(20,887,259)	(18,806,396)
<b>Total Equity</b>		(424,903)	695,956

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

**MyFiziq Limited**  
**ACN 602 111 115**

**Condensed Statement of Changes in Equity**  
**For the half-year ended 31 December 2018**

	Issued capital	Accumulated losses	Equity compensation reserve	Convertible note reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2017	7,212,356	(4,886,928)	157,156	-	2,482,584
Net loss for the year	-	(11,733,082)	-	-	(11,733,082)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(11,733,082)	-	-	(11,733,082)
Share-based payments					
Suppliers	-	-	14,830	-	14,830
Employees	-	-	11,750,622	-	11,750,622
At 31 December 2017	7,212,356	(16,620,010)	11,922,608	-	2,514,954

	Issued capital	Accumulated losses	Equity compensation reserve	Convertible note reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2018	7,212,356	(18,806,396)	12,262,363	27,633	695,956
Net loss for the year	-	(2,080,863)	-	-	(2,080,863)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(2,080,863)	-	-	(2,080,863)
Exercise of Performance Rights	1,668,000	-	(1,668,000)	-	-
Share-based payments					
Directors	340,000	-	-	-	340,000
Employees	-	-	620,004	-	620,004
At 31 December 2018	9,220,356	(20,887,259)	11,214,367	27,633	(424,903)

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

**MyFiziq Limited**  
**ACN 602 111 115**

**Condensed Statement of Cash Flows**  
**For the half-year ended 31 December 2018**

	<b>31 December 2018 \$</b>	31 December 2017 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>511,633</b>	1,824,312
Other income	<b>40,353</b>	7,461
Research & Development tax incentive	<b>531,642</b>	521,731
Interest received	<b>53</b>	2,356
Interest and other costs of finance paid	<b>(8,634)</b>	(1,301)
Payments to suppliers and employees	<b>(2,125,807)</b>	(1,911,701)
Payments for patents	<b>(78,327)</b>	(58,507)
Net cash flows from/(used in) operating activities	<b>(1,129,087)</b>	384,351
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(33,280)</b>	(22,062)
Payments for application development costs	<b>(17,489)</b>	(165,786)
Net cash flows used in investing activities	<b>(50,769)</b>	(187,848)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>1,350,000</b>	-
Net cash flows from financing activities	<b>1,350,000</b>	-
Net increase in cash assets	<b>170,144</b>	196,503
Cash at the beginning of the financial period	<b>171,776</b>	1,159,789
<b>Cash at the end of the financial period</b>	<b>341,920</b>	1,356,292

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

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 1 Statement of Significant Accounting Policies**

**Statement of compliance**

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by MyFiziq Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**Basis of preparation**

The half-year financial statements have been prepared on a historical cost basis. Cost is based on the fair values of consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

**Accounting policies and methods of computation**

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except for the policies stated below.

***New or amended Accounting Standards and Interpretations adopted.***

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting standards Board (AASB) that are mandatory for the current reporting period. There has been no financial impact on the adoption of these standards. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

***AASB 9 Financial Instruments***

The Company has adopted AASB 9 from 1 July 2018. This standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 Financial Instruments introduces new classification and measurement models for financial assets.

Except for certain trade receivables, a financial asset is initially measured at fair value plus transactions costs, unless it is carried at fair value through profit or loss (FVTPL), in which case transaction costs are immediately expensed.

Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 1 Statement of Significant Accounting Policies (continued)**

**Accounting policies and methods of computation (continued)**

*AASB 9 Financial Instruments (continued)*

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

*AASB 15 Revenue from Contracts with Customers*

The Company has adopted AASB15 from 1 July 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

***Standards and Interpretations in issue not yet adopted.***

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year ended 31 December 2018. Those which may have a significant impact to the Company are set out below. The Company does not plan to adopt these standards early.

*AASB 16 Leases*

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases (including the lease of business premises which the Company occupies) will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

The impact on the Company will predominantly be based on the Company's lease obligations on its office premises.



**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 1 Statement of Significant Accounting Policies (continued)**

**Going concern**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the half year ended 31 December 2018, the Company incurred an operating loss of \$2,080,863. Notwithstanding the fact that the Company incurred an operating loss, has a net liability position of \$424,903, and a net cash outflow from operating activities amounting to \$1,129,087, the Directors are of the opinion that the Company is a going concern for the following reasons:

- The Company has available for working capital \$1.5m in undrawn committed convertible note facilities at 31 December 2018.
- The Company has entered into a Subscription Agreement with Asia Cornerstone Asset Management under which the Company will receive \$6,000,000 over 6 tranches between February 2019 and September 2019.
- Under the joint venture with Gold Quay Capital Pte Ltd, the Company is expecting a further \$500k in licence fees on the completion of Gold Quay's capital raising.

The Company's ability to continue as a going concern and meet future working capital requirements is dependent on the above points being realised. Should the Company not be successful in generating the required cash flows, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

**Significant accounting judgements and key estimates**

The preparation of financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The same judgments, estimates and assumptions were used in preparing the half year financial report as those used in preparing the financial report for the year ended 30 June 2018.

**Note 2 Segment information**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Company's sole activity is mobile application and technology development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being technological development.

The reportable segment is represented by the primary statements forming these financial statements.

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 3 Revenue and Expenses**

	<b>31 December 2018 \$</b>	31 December 2017 \$
Loss for the period includes the following specific income and expenses:		
Other income:		
Rental income	-	22,957
Dr Katherine consultancy income	7,766	17,539
Export development grant	40,000	-
Proof of concept income	50,000	-
Other income	353	-
	<b>98,119</b>	<b>40,496</b>
Supplier share based payment <sup>1</sup>	-	14,830
Employee expenses:		
Salaries and wages	867,998	599,780
Executive director salary	135,000	240,000
Defined contribution superannuation	96,000	79,620
Annual leave expenses	25,167	25,649
Recruitment expenses	13,875	22,977
Share based remuneration expenses <sup>1</sup>	960,004	11,750,622
Payroll tax and insurances	47,960	320,000
Other employment expenses	8,268	5,352
	<b>2,154,272</b>	<b>13,044,000</b>
Income tax benefit:		
R&D tax concession <sup>2</sup>	531,642	521,731

<sup>1</sup> The fair value of equity settled transactions with employees and suppliers is apportioned over the period from grant date to vesting date. See Note 6 for details of transactions vesting within the six months ended 31 December 2018.

<sup>2</sup> The 2018 half-year research and development tax concession relates to amounts received or receivable for the R&D tax incentive claim submitted by the Company for the financial year ended 30 June 2018.

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 4 Interest bearing borrowings**

	Interest Rate %	Maturity	<b>31 December 2018 \$</b>	30 June 2018 \$
<b>Current</b>				
Unsecured loan <sup>1</sup>	6%	26 February 2019	<b>453,210</b>	-
<b>Non-current</b>				
Convertible Notes-Prosser Facility <sup>2</sup>	8%	31 December 2019	<b>484,558</b>	480,915
Convertible Notes-2018 Facility <sup>3</sup>	8%	31 December 2019	<b>924,274</b>	-
			<b>1,408,832</b>	480,915

<sup>1</sup> Short term loan of \$450,000 from Company director Mr Peter Wall. The loan is repayable on or before 26 February 2019.

<sup>2</sup> Convertible Loan agreement with Prosser Enterprises Pty Ltd as Trustee for the Prosser Family Trust. Company director Mr Nicholas Prosser is a director and shareholder of Prosser Enterprises Pty Ltd. The maximum facility limit is \$2 million and an initial drawdown of \$500,000 has been made. The net proceeds received has been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity. Any advances plus accrued interest that has not been repaid by maturity date will be convertible into shares at an issue price equal to the greater of \$0.30 per share or the 14 trading day volume weighted average price of the Company's shares as traded on ASX prior to the termination date.

<sup>3</sup> Convertible Note facility entered into with a number of professional investors who are not related parties of the Company. A total of \$900,000 has been drawn down. The investors may elect to redeem the outstanding principal amount of the notes in cash on the Maturity Date, rather than convert to shares. If the investors don't elect to redeem the outstanding principal amount in cash, the outstanding principal amount of the notes will be converted into shares at an issue price equal to the greater of \$0.30 per share or a 30% discount to the volume weighted average price of the Company's shares as traded on ASX for the period of 14 trading days up to and including the trading day prior to the conversion.

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 5 Issued capital**

	<b>31 December 2018</b>	30 June 2018	<b>31 December 2018</b>	30 June 2018
<b>Issued capital – Shares</b>	<b>#</b>	<b>#</b>	<b>\$</b>	<b>\$</b>
<i>Share capital</i>				
- Issued ordinary shares	<b>83,538,555</b>	79,038,555	<b>9,220,056</b>	7,212,056
- Issued performance shares	<b>30,000,000</b>	30,000,000	<b>300</b>	300
	<b>113,538,555</b>	109,038,555	<b>9,220,356</b>	7,212,356
<i>Share movements during the period – ordinary shares</i>				
At the beginning of the period	<b>79,038,555</b>	79,038,555	<b>7,212,056</b>	7,212,056
Shares issued on exercise of Performance Rights	<b>3,500,000</b>	-	<b>1,668,000</b>	-
Shares issued to related party	<b>1,000,000</b>	-	<b>340,000</b>	-
	<b>83,538,555</b>	79,038,555	<b>9,220,056</b>	7,212,056
<i>Share movements during the period – performance shares</i>				
At the beginning of the period	<b>30,000,000</b>	30,000,000	<b>300</b>	300
	<b>30,000,000</b>	30,000,000	<b>300</b>	300

**Note 6 Share Based Payments**

**(i) Options**

The Company adopted an Incentive Option Plan following Shareholder approval in October 2016. Options over unissued shares are issued at the discretion of the Board.

**a) Options issued, exercised and lapsed during the reporting period**

During the reporting period the following options were issued:

<b>Date issued</b>	<b>Number of options Issued</b>	<b>Exercise price (cents)</b>	<b>Vesting criteria</b>	<b>Expiry date</b>
3 Sep 2018	400,000	50	31 Dec 2019	31 Dec 2022
3 Sep 2018	400,000	50	31 Dec 2020	31 Dec 2023
27 Sep 2018	1,500,000	40 or 1.5 VWAP	Performance based	31 Dec 2018
27 Sep 2018	500,000	50 or 1.5 VWAP	Performance based	31 Jul 2019
27 Sep 2018	500,000	50 or 1.5 VWAP	Performance based	31 Dec 2019
27 Sep 2018	1,500,000	60 or 1.5 VWAP	Performance based	31 Dec 2019
14 Dec 2018	250,000	50	31 Dec 2019	31 Dec 2022
14 Dec 2018	250,000	50	31 Dec 2020	31 Dec 2023
<b>Total</b>	<b>5,300,000</b>			

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 6 Share Based Payments (continued)**

During the reporting period the following options vested but were not exercised:

<b>Date granted</b>	<b>Number of options Vested</b>	<b>Exercise price (cents)</b>	<b>Vesting date</b>	<b>Expiry date</b>
21 Dec 2016	500,000	10	26 Oct 2018	31 Dec 2020
21 Dec 2016	1,250,000	10	31 Dec 2018	31 Dec 2021
<b>Total</b>	<b>1,750,000</b>			

During the reporting period the following options were cancelled as a result of vesting criteria not being met, or the options not being exercised prior to expiry date:

<b>Date granted</b>	<b>Number of options cancelled</b>	<b>Exercise price (cents)</b>	<b>Expiry date</b>
21 Dec 2016	1,000,000	30	30 Sep 2021
21 Dec 2016	1,000,000	40	30 Sep 2022
21 Dec 2016	1,000,000	50	30 Sep 2023
21 Dec 2016	1,000,000	60	30 Sep 2024
29 Feb 2016	500,000	25	31 Dec 2018
27 Sep 2018	1,500,000	40 or 1.5 VWAP	31 Dec 2018
<b>Total</b>	<b>6,000,000</b>		

No options were exercised during the reporting period.

**b) Options on issue at balance date**

The number of options outstanding over unissued ordinary shares at 31 December 2018 is 9,300,000 as follows:

<b>Date granted</b>	<b>Number of options granted</b>	<b>Exercise price (cents)</b>	<b>Vesting date</b>	<b>Expiry date</b>
21 Dec 2016	1,000,000	20	30 Sept 2017	30 Sept 2020
21 Dec 2016	1,750,000	10	31 Dec 2017	31 Dec 2020
21 Dec 2016	500,000	10	26 Oct 2018	31 Dec 2020
21 Dec 2016	1,250,000	10	31 Dec 2018	31 Dec 2021
21 Dec 2016	500,000	10	26 Oct 2019	30 Dec 2021
6 Apr 2018	500,000	10	6 Apr 2018	31 Dec 2020
3 Sep 2018	400,000	50	31 Dec 2019	31 Dec 2022
3 Sep 2018	400,000	50	31 Dec 2020	31 Dec 2023
27 Sep 2018	500,000	50 or 1.5 VWAP	Performance based	31 Jul 2019
27 Sep 2018	500,000	50 or 1.5 VWAP	Performance based	31 Dec 2019
27 Sep 2018	1,500,000	60 or 1.5 VWAP	Performance based	31 Dec 2019
14 Dec 2018	250,000	50	31 Dec 2019	31 Dec 2022
14 Dec 2018	250,000	50	31 Dec 2020	31 Dec 2023
<b>Total</b>	<b>9,300,000</b>			

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 6 Share Based Payments (continued)**

**c) Subsequent to balance date**

Subsequent to the balance date and to the date of signing this report no options have been issued, exercised or cancelled.

**d) Basis and assumptions used in the valuation of options**

5,300,000 options were issued during the half-year and have been valued and expensed in the financial statements over the periods that they vest.

The options issued during the current reporting period were valued using the Black-Scholes option valuation methodology, as follows:

<b>Date granted</b>	<b>Number of options granted</b>	<b>Expiry date</b>	<b>Risk free interest rate used</b>	<b>Volatility applied</b>	<b>Value per Option (cents)</b>
3 Sep 2018	400,000	31 Dec 2022	2.18%	138%	14.92
3 Sep 2018	400,000	31 Dec 2023	2.18%	138%	15.90
27 Sep 2018	1,500,000 <sup>1</sup>	31 Dec 2018	-	-	-
27 Sep 2018	500,000	31 Jul 2019	2.04%	117%	3.93
27 Sep 2018	500,000	31 Dec 2019	2.04%	117%	5.64
27 Sep 2018	1,500,000	31 Dec 2019	2.04%	117%	4.90
14 Dec 2018	250,000	31 Dec 2022	2.14%	117%	13.99
14 Dec 2018	250,000	31 Dec 2023	2.14%	117%	15.29

<sup>1</sup> The performance criteria relating to 1,500,000 options were not met by the expiry date and these options lapsed on 31 December 2018. As a result, there is no expense in relation to these options in the financial statements for the period.

Historical volatility at the time of issue has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future share price performance, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted options granted.

**e) Purpose of Equity Compensation Reserve**

This reserve is used to record the value of equity benefits provided to employees (including directors) and suppliers for services rendered.

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 6 Share Based Payments (continued)**

**(ii) Performance Rights**

The Company adopted an Incentive Performance Rights Plan following Shareholder approval in February 2017.

**a) Performance rights granted, vested and lapsed during the year**

During the reporting period the following performance rights were granted:

Issued Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
3 Sep 2018	1,000,000	31 Dec 2019	\$0.186	30 Sep 2018
3 Sep 2018	1,000,000	30 Nov 2020	\$0.186	30 Nov 2018
3 Sep 2018	1,000,000	30 Nov 2020	\$0.186	30 Nov 2019
3 Sep 2018	3,000,000	3 Sep 2021	\$0.186	Subject to various performance criteria
<b>Total</b>	<b>6,000,000</b>			

The performance rights issued during the current reporting period were valued using the Black-Scholes option valuation methodology. Historical volatility at the time of issue has been used as the basis for determining expected share price volatility, as it is assumed that this is an indicator of future share price performance, which may not eventuate. A discount of 30% in respect of a lack of marketability has been applied to the Black-Scholes option valuation to reflect the non-negotiability and non-transferability of the unlisted performance rights granted.

During the reporting period the following performance rights vested:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
03 Mar 2017	500,000	31 Jul 2018	\$0.046	Subject to various performance criteria
15 Nov 2017	750,000	31 Dec 2020	\$0.205	Nov 2018 – various dates
3 Sep 2018	1,000,000	31 Dec 2019	\$0.186	30 Sep 2018
3 Sep 2018	1,000,000	31 Nov 2020	\$0.186	30 Nov 2018
<b>Total</b>	<b>3,250,000</b>			

On 3 September 2018, the following performance rights were converted to ordinary shares:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
3 Mar 2017	500,000	31 Jul 2018	\$0.046	Performance based criteria
3 Mar 2017	2,000,000	3 Mar 2018	\$0.720	Performance based criteria
15 Nov 2017	1,000,000	31 Mar 2018	\$0.205	Performance based criteria
<b>Total</b>	<b>3,500,000</b>			

During the reporting period no performance rights lapsed or were cancelled:

**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 6 Share Based Payments (continued)**

**b) Performance rights on issue at balance date**

The number of performance rights outstanding over unissued ordinary shares at 31 December 2018 is 21,750,000 as follows:

Grant Date	No of Rights	Expiry Date	Fair Value per Right at Grant Date	Vesting
03 Mar 2017	2,000,000	03 Mar 2019	\$0.720 <sup>1</sup>	Vested
03 Mar 2017	2,000,000	03 Mar 2020	\$0.720 <sup>1</sup>	Vested
03 Mar 2017	2,000,000	03 Mar 2021	\$0.720 <sup>1</sup>	Vested
03 Mar 2017	2,000,000	03 Mar 2022	\$0.720 <sup>1</sup>	Vested
15 Nov 2017	1,000,000	31 Dec 2020	\$0.205	Subject to various performance criteria
15 Nov 2017	750,000	31 Dec 2020	\$0.205	Vested
29 Nov 2017	6,000,000	30 Nov 2019	\$0.720	Vested
3 Sep 2018	1,000,000	31 Dec 2019	\$0.186	Vested
3 Sep 2018	1,000,000	30 Nov 2020	\$0.186	Vested
3 Sep 2018	1,000,000	30 Nov 2020	\$0.186	30 Nov 2019
3 Sep 2018	3,000,000	3 Sep 2021	\$0.186	Subject to various performance criteria
<b>Total</b>	<b>21,750,000</b>			

**c) Subsequent to balance date**

Subsequent to the balance date and to the date of signing this report, 750,000 performance rights were exercised but the shares have not yet been issued. No performance rights have been granted, vested or cancelled during the subsequent period.

**Note 7 Dividends**

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2018.

**Note 8 Contingencies**

There have been no material changes in contingent assets or liabilities since the signing of the audited 30 June 2018 financial statements.



**Notes to the Condensed Financial Statements**  
**For the half-year ended 31 December 2018**

**Note 9 Events Occurring after the Balance Date**

Other as shown below, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years:

- On 31 January 2019, the Company executed a Binding Term Sheet with Asia Cornerstone Asset Management (ACAM) to raise a total of \$6,000,000. On 12 February 2019, the binding Subscription Agreement with ACAM was executed. Under the Subscription Agreement, the Company will issue a total of 10 million fully paid shares at \$0.60 per share over 6 tranches, commencing February 2019 and concluding in September 2019. On 21 February 2019, the Company received the first tranche funds of \$1.2m.

**Note 10 Commitments**

There have been no material changes in operational or capital commitments since the signing of the audited 30 June 2018 financial statements.

**Directors' Declaration**

The Directors of MyFiziq Limited ("the Company") declare that:

- (a) the attached half-year financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the financial position as at 31 December 2018 and of the performance for the half-year ended on that date of the Company.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Signed at Perth this 27<sup>th</sup> day of February 2019.



**Vlado Bosanac**  
**Executive Director**

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MYFIZIQ LIMITED

### Report on the Half-Year Financial Report Conclusion

We have reviewed the accompanying half-year financial report of MyFiziq Limited (the company) which comprises the condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MyFiziq Limited is not in accordance with the Corporations Act 2001 including:-

- (a) giving a true and fair view of the company's financial position as at 31 December 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which confirmed that the company incurred a net loss after tax of \$2,080,863 during the half year ended 31 December 2018. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The financial report of the company does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

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## Directors' Responsibility for the Half-Year Financial Report

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

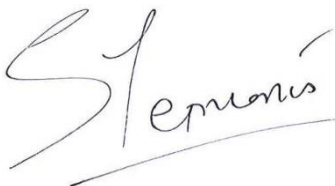
## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of MyFiziq Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



PKF PERTH

SIMON FERMANIS  
PARTNER27 FEBRUARY 2019  
WEST PERTH  
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