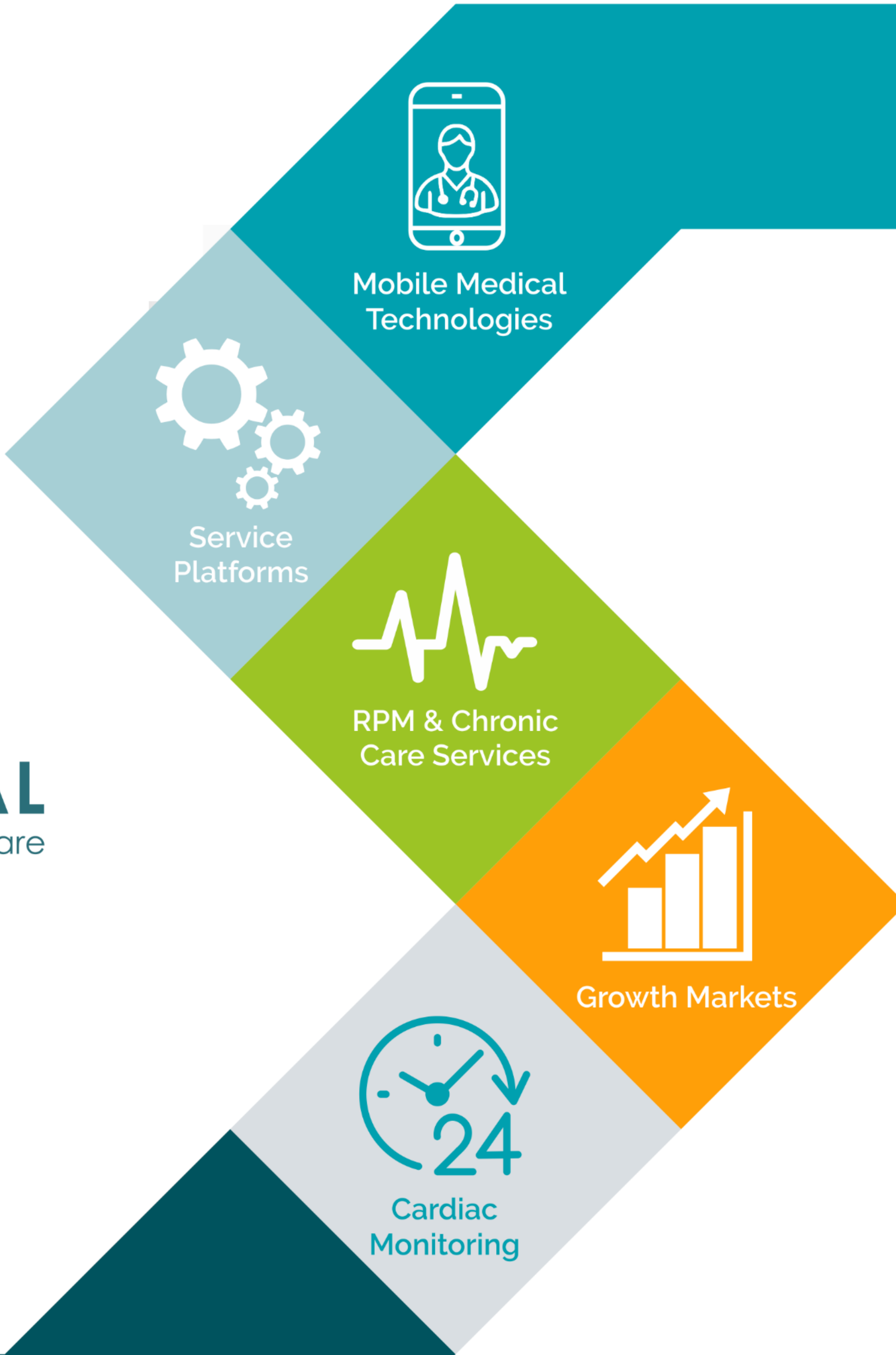
ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018



G MEDICAL
Mobility in Healthcare

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
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
Prof. Zeev Rotstein -Non-Executive Director (appointed on 5 March 2019)

Company Secretary
Steven Wood

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P.O. Box 10008, Willow House, Cricket Square,
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Email: Info@gmedinnovations.com
Website: http://gmedinnovations.com

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Securities Exchange Listing
Australian Securities Exchange Limited

ASX Code – GMV

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, 2018, 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
March 3, 2019

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

תל אביב	ירושלים	חיפה	באר שבע	בני ברק	קרית שמונה	פתח תקווה	מודיעין עילית	נצרת עילית	אילת
03-6386868	02-6546200	04-8680600	077-7784100	073-7145300	077-5054906	077-7784180	08-9744111	04-6555888	08-6339911

משרד ראשי: בית אמות הביטוח, דרך מנחם בגין 48, תל אביב, 6618001 דוא"ל: bdo@bdo.co.il בקרו באתר שלנו: www.bdo.co.il

CHAIRMAN'S LETTER

Healthcare is one of the most exciting industries in the world today. Across the globe, healthcare systems are adapting innovative technologies and monitoring programs that engage patients outside of hospital walls. Industry experts forecast that new health ecosystems will bypass traditional medical centres, and focus instead on smaller specialized facilities, high-end outpatient clinics, and homecare options that utilize digital health and chronic care management tools. In the USA, remote patient monitoring (RPM), is now supported by the Centers for Medicare and Medicaid Services (CMS) with new reimbursement codes. This health ecosystem will transform to models that can keep patients more accountable and engaged in their healthcare and lifestyle.

G Medical Innovations continues to develop and market easy to use diagnostic technologies and monitoring services that empower consumers and allow healthcare providers to better monitor, manage and improve clinical health outcomes, remotely. The company has years of experience in developing mobile embedded medical sensors and providing remote patient monitoring services. 2018 highlights include:

Financing Achievements

G Medical raised money from three different channels in 2018, that are being used to fund sales, marketing, potential acquisitions and ongoing research and development.

- Convertible securities of US$4.05 M
- An issuance with Acuity Capital of 3,325,000 shares to raise A$1.085 M, after costs (approximately US$0.8 M)
- A long term loan agreement of US$10.0 M, of which US$5.6 M was used as of December 31, 2018.

Production Facility

G Medical Innovations has received all formal certifications from the regulatory bodies (CFDA, FDA, CE) to utilise our Guangzhou facility for production. The facility will produce our Prizma and G Medical Patch (GMP) products.

IDTF acquisition

In October, we completed the acquisition of Telerhythmics, an Independent Diagnostic Testing Facility (IDTF) located in Memphis, Tennessee. This acquisition increases our footprint in the USA and provides additional logistics, distribution and clinical expertise in which to expand our monitoring services, including Mobile Cardiac Telemetry (MCT), Extended Holter, other cardiac and vital signs medical monitoring.

NASDAQ and HKSE listings

The dual listing of the Company on Nasdaq is progressing. We have completed the F1 submission with the US Securities and Exchange Commission and are in a review process. We are in the process of listing our Chinese subsidiary on the HKSE and anticipate a listing during 2019.

Looking Forward

The deployment of our next- generation products and software platforms will position G Medical as a leader in the digital health market. I believe 2019 will be a pivotal year of continued commercial growth for the company. I would like to thank our shareholders for their continued support.

Sincerely,

Kenneth R. Melani

Dr. Kenneth R. Melani

Chairman of G Medical Innovations

PRESIDENT AND CEO LETTER

Since inception in August 2014, G Medical Innovations has embarked on the development of breakthrough technologies that will increase efficiency of healthcare providers and empower patients to better manage their health. Our two product verticals – PRIZMA and the VSMS / GMP – are diagnostic solutions that are tailored for remote patient monitoring service programs.

Remote Patient Monitoring (RPM)

In January 2019, CMS introduced new reimbursement codes for remote patient monitoring (RPM). RPM is described as a transformative technology that improves chronic care management while reducing net spending for chronic disease. RPM is delivered right to wherever the patient is (home or elsewhere), allowing them to maintain independence, prevent complications, and minimize personal costs. RPM has been shown to support patient self-management, shift responsibilities to non-clinical providers, and reduce the use of emergency department and hospital services.

These new reimbursement codes will incentivize physicians to utilize RPM for their chronically ill patients. The Prizma device and backend solution meet the requirements for RPM, and we are finalizing our RPM service in the USA. We expect to start a clinical trial in April 2018 with key US institutions.

USA Independent Diagnostic Testing Facilities (IDTF)

We now operate two medical call centres in the USA. The acquisition of Telerhythmics, a 24/7 cardiac monitoring provider, facilitates our goal of expanding our current IDTF business, and providing logistical and distribution support, and clinical expertise. These operations will serve to launch our new technologies and Prizma Remote Patient Monitoring (RPM) services.

China and the UK

The G Medical facility in the UK, which began operating in Q4 of 2018, are now engaged in marketing activities and pilot testing. In China, we are expanding our R&D team and capabilities, and have increased marketing activities, such as local trade shows, presenting to physicians and administrators in medical centres, etc. We are also interested in other potential markets.

Sales pipeline from products and services

We expect strong revenue growth for 2019, with revenue streams from our call centres in the USA and the UK; recurring revenues from the Prizma RPM service programs; and product sales from the Prizma device. As announced in January 2019, we executed a purchase agreement with Hygea, a US-based healthcare holding company led by nationally recognised industry innovators and leaders who represent many aspects of healthcare, from insurance and finance, to medicine and technology. The agreement is for the purchase of Prizma and VSMS (GMP) devices which will be provided to Hygea clinics and practices, and other affiliates, beginning in Q2 2019.

FDA, CE and CFDA approvals

We received FDA clearance and CE approval for the PRIZMA, and CE approval for the VSMS/GMP. We are preparing expanded applications of the PRIZMA and VSMS/GMPs that will facilitate broader utilization. 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 2019 will be a year of accelerated commercial growth. Our R&D department continues to work on expanding our unique next-generation products and technology platforms to meet market demands.

Thank you for your ongoing support for G Medical Innovations.

Sincerely,

Dr. Yacov Geva

President and CEO of G Medical Innovations

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	December 31, 2018	December 31, 2017
		$ in thousands	
CURRENT ASSETS:			
Cash and cash equivalents		2,634	14,158
Restricted cash		714	57
Inventories	4	1,355	231
Trade receivables, net		705	140
Other accounts receivable	5	973	(*)525
Intangible assets, net	7	1,254	1,779
Total current assets		**7,635**	**16,890**
NON-CURRENT ASSETS:			
Other assets		242	(*)60
Goodwill	6	2,844	2,950
Property, plant and equipment, net	8	3,455	1,602
Total non-current assets		**6,541**	**4,612**
TOTAL ASSETS		**14,176**	**21,502**

(*) Reclassified

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	December 31, 2018	December 31, 2017
		$ in thousands (Except for share data)	
CURRENT LIABILITIES:			
Short term loan and current portion of long term loans	12	1,290	1,669
Trade payables		2,392	1,377
Loan from controlling shareholder	9	6,342	492
Derivative liabilities – warrants	10, 14B	888	-
Deferred taxes	18	369	-
Other accounts payable	11	1,005	998
Total current liabilities		**12,286**	**4,536**
NON-CURRENT LIABILITIES:			
Derivative liability – warrants	14B, 2M	-	778
Convertible securities	10	3,035	-
Deferred taxes	18	23	374
Long term loans	12	1,422	2,606
Total non-current liabilities		**4,480**	**3,758**
SHAREHOLDERS' EQUITY (DEFICIT):	14		
Ordinary shares; $0.001 par value, 1,000,000,000 shares authorized, 361,032,266 and 339,659,320 shares issued and outstanding as of December 31, 2018 and 2017, respectively.		361	340
Other reserve		1,500	1,500
Translation and other funds		(1)	-
Additional paid in capital		39,880	38,723
Accumulated deficit		(48,327)	(32,065)
G Medical Innovations Holdings Ltd. Shareholder's equity (deficit)		**(6,587)**	**8,498**
Non-controlling interest		3,997	4,710
Total Equity (Deficit)		**(2,590)**	**13,208**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		**14,176**	**21,502**

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

March 3, 2019		
Date of approval of the financial statements	Kobi Ben-Efraim CFO	Dr. Yacov Geva President and Chief Executive Officer

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Year ended December 31, 2018	Year ended December 31, 2017
		$ in thousands (Except for share data)	
Revenues:	2U		
Products		40	-
Services		3,022	109
Total revenues		**3,062**	**109**
Cost of Revenues:			
Cost of sales of products		99	-
Cost of services		2,895	115
Total cost of revenues		**2,994**	**115**
Gross loss (profit)		**(68)**	**6**
Operating Expenses:			
Research and development expenses	15	4,145	3,984
Selling, general and administrative expenses	16	13,107	22,531
Operating loss		**17,184**	**26,521**
Financial income		(858)	(282)
Financial expenses		995	923
Financial expenses, net		137	641
Loss before taxes on income		**17,321**	**27,162**
Income tax expense (benefit)	18	(345)	85
Loss for the period		**16,976**	**27,247**
Foreign currency translation differences		(1)	-
Other comprehensive income		(1)	-
Net comprehensive loss		**16,975**	**27,247**
Net comprehensive loss for the year attributed to:			
Non-controlling interests		713	190
G Medical innovations holdings ltd. shareholders'		16,262	27,057
Basic loss per share attributable to G Medical innovations Holdings Ltd. Shareholders in USD	17	(0.05)	(0.11)
Weighted average common shares outstanding:		345,513,078	234,216,242

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

FOR THE YEAR ENDED 31 DECEMBER 2018

	G Medical Innovations Holdings Ltd. Shareholders' Equity (Deficit)							
	Share capital	Other reserve	Translation reserve	Additional paid in capital	Accumul-ated deficit	Total	Non-controlling Interest	Total Shareholders' equity (deficit)
	$ In thousands							
Balance at January 1, 2017	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 bonus shares(**)	134	-	-	(134)	-	-	-	-
Issuance of shares upon acquisition	3	-	-	997	-	1,000	-	1,000
Options exercise into shares(**)	5	-	-	(5)	-	*	-	*
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**
Changes during the year								
Issuance of shares, net	21	-	-	946	-	967	-	967
Options exercise into shares	*	-	-	(*)	-	*	-	*
Share based compensation	-	-	-	211	-	211	-	211
Total comprehensive loss	-	-	(1)	-	(16,262)	(16,263)	(713)	(16,976)
Balance at December 31, 2018	**361**	**1,500**	**(1)**	**39,880**	**(48,327)**	**(6,587)**	**3,997**	**(2,590)**

(**) Reclassified

* Represents an amount lower than $ 1 thousand U.S. dollars in thousands (except share data)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended December 31, 2018	Year ended December 31, 2017
	$ in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(16,975)	(27,247)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,098	222
Change in fair value of derivative	(500)	778
Revaluation of restricted cash	3	(4)
Share based compensation	211	18,187
Accrued interest of long term loans	(32)	32
Changes in deferred taxes	(447)	(305)
Change in fair value of convertible loan/ convertible securities	(199)	62
Increase in trade receivable, net	(272)	(88)
Increase in other accounts receivable	(451)	(508)
Increase in inventories	(1,124)	(231)
Increase in trade payables	1,029	278
Increase in other accounts payable	(144)	586
Accrued interest loan from controlling shareholder	280	21
Capital loss from sale of fixed assets	5	-
Exchange rate differences	62	(72)
Net cash used in operating activities	**(15,456)**	**(8,289)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(2,365)	(1,492)
Investment in newly-consolidated subsidiary, net (See appendix B)	(1,922)	8
Proceeds from sale of fixed assets	91	-
Restricted cash	(660)	(19)
Net cash used in investing activities	**(4,856)**	**(1,503)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	967	18,106
Receipts of short term loan from controlling shareholder	5,570	(34)
Receipts of convertible securities and issuance of warrants	3,844	-
Receipts of long term loans from bank	59	615
Receipts of convertible loan	-	179
Share issuance in subsidiary, net	-	4,900
Repayment of loans	(1,590)	(640)
Net cash provided by financing activities	**8,850**	**23,126**
Increase in cash and cash equivalents	**(11,462)**	**13,334**
Effects of exchange rate changes on cash and cash equivalents	**(62)**	**72**
Cash and cash equivalents at beginning of the year	**14,158**	**752**
Cash and cash equivalents at the end of the year	**2,634**	**14,158**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018
APPENDIX A-Amount paid during the year for:

	Year ended December 31, 2018	Year ended December 31, 2017
	$ in thousands	
Interest	213	89
Tax	44	63

APPENDIX B- Investment in newly-consolidated subsidiary:

	Year ended December 31, 2018	Year ended December 31, 2017
	$ in thousands	
Working capital other than cash	(151)	888
Long term assets	(108)	-
Fixed assets	(317)	-
Deferred tax liability	465	679
Long term liabilities	8	-
Loans	-	2,332
Issuance of shares	-	1,000
Goodwill	(314)	(2,950)
Insurance agreements	(1,505)	(1,941)
Total cash payment	**(1,922)**	**8**

APPENDIX C –NON-CASH ACTIVITIES:

	Year ended December 31, 2018	Year ended December 31, 2017
	$ 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	(85)	(59)
Issuance of shares to be held in collateral for no consideration (see also note 14E)	17	-

The accompanying notes are an integral part of the financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS:

A. Overview:

G Medical Innovations Holdings Ltd. ("G Medical," and together with its subsidiaries, the "Company") was incorporated in October 2014 under Cayman Island law.

The Company is ushering in a new era of healthcare and wellness by utilizing its patent-pending 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.

The Company has incurred negative cash from operation and net losses for current and recent years. The Company financed its operation up do date by using bank credit line, issuance of shares, and loan from its major shareholder. The Company's major shareholder committed to continue and support the Company's ongoing operation for the foreseeable future.

B. Subsidiaries in USA:

- **CardioStaff acquisition**

In November, 2017, the Company through 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 ("IDTF").

CardioStaff (renamed G Medical Diagnostics Services, Inc) 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. Operating in Austin, TX, CardioStaff provides medical customer services nationwide. The call center offers a variety of monitoring services including Cardiac Events Monitoring, Extended Holter Monitoring and Mobile Cardiac Tele-Monitoring.

Going forward with the CardioStaff acquisition, complements G Medical's strategy to develop a U.S.-IDTF. This allows G Medical to secure its ability to provide national coverage medical call center services and enter the medical reimbursement space industry.

As a result of the CardioStaff acquisition, the Company absorbed $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. Fair values were estimated with the assistance of an independent third party. Management is fully responsible for the valuation of the assets. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

B. Subsidiaries in USA (Cont.):

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 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 liabilities	(679)
Accounts payable and others	(888)
Loans	(2,332)
Goodwill *	2,950
Total net assets acquired	**1,000**

* 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 respectively, for the period from December 1 to December 31, 2017. The transaction costs amounted to $100 and were charged to general, and administrative expenses.

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 pro forma financial information is as follows:

	Year ended December 31, 2017
Total revenues	1,796
Net loss attribute to the Company	29,108

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

B. Subsidiaries in USA (Cont.):

- **Telerhythmics acquisition**:

On November 2, 2018, the Company announced that its wholly owned subsidiary, G Medical Innovations USA Inc, had entered into an agreement to acquire all of the membership interests in Telerhythmics LLC, a United States based Independent Diagnostic Testing Facility. Telerhythmics operates mainly across the Southeastern United States and provides hospitals and physicians with cardiac monitoring services including mobile cardiac telemetry ("MCT"), event monitoring, Holter monitoring and pacemaker analysis. Telerhythmics also adds a significant amount of commercial payor agreements across local, regional and national markets. The Company executed the acquisition in the amount of $ 1.95 million in cash.

The purchase consideration was allocated between the acquired tangible assets and intangible assets, based on their fair values. Fair values were estimated with the assistance of an independent third party. Management is fully responsible for the valuation of the assets. 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 $314, which is recognized as goodwill. Upon the purchase price allocation, an amount of $1,505 was allocated to insurance coverage agreements to be amortized over one-year period.

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

	October 31, 2018
Cash and Cash equivalents	28
Insurance agreements	1,505
Fixed Assets	317
Account Receivables and others	472
Deferred tax liabilities	(465)
Accounts payable and others	(221)
Goodwill *	314
Total net assets acquired	**1,950**

* 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 Telerhythmics results to the Company's consolidated revenues and consolidated loss were $510 and $57 thousand respectively, for the period from November 1 to December 31, 2018.

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, 2018.

The pro forma financial information is as follows:

	Year ended December 31, 2018
Total revenues	6,450
Net loss attribute to the Company	18,624

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS (CONT.):

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, 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) as issued by the International Accounting Standards Board. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

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.
Telerhythmics, LLC	USA	100% - G Medical Innovations USA Inc.
G Medical Mobile Health Solution, Inc (non-active)	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.

The Company recognizes any non-controlling interest in its acquisitions 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

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 U.S. 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:

- 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 and 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 2018 and 2017 the company did not meet the following criteria therefore all the development costs are recognized as expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

H. Goodwill and Impairment

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.

As of December 31, 2018, the CardiStaff Cash Generating Unit ("CGU")'s book value was greater than value in use calculations based on cash flow projections covering a budget for a three-year period on December 31, 2021, and thereafter a steady growth and therefore an impairment of 420 was recorded.

Other major assumptions are as follows:

2018	CardioStaff
Discount rate	20%
Operating margin*	60%
Growth rate*	1.5%

* The growth rate and operating margin assumptions apply only to the period beyond the budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year 3.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

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.

<u>**Classification of fair value hierarchy**</u>

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).

The fair value measurement of the convertible loan, which as fully converted as of December 31, 2017, was remeasured prior to conversion, using the Black-Scholes model, is based on significant unobservable inputs a thus represent a level 3 measurement within the fair value hierarchy. The key inputs that were used in measuring the fair value of the convertible loan were: risk free interest rate- 1.7%, expected volatility-45%, expected dividend yield 0% and expected term- 1 year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

M. Fair value measurement (Cont.)

	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	-

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

The fair value measurement of the warrants in the table above, using the Black-Scholes model. The key inputs that were used in measuring the fair value of the warrants were: risk free interest rate - 2.43%, expected volatility - 60%, expected term - 1.838 year and Expected dividend yield - 0.

	Derivative liability
Derivative liability - warrants as of December 31, 2016	-
Issuance of warrant liability at fair value	(778)
Derivative liability - warrants as of December 31, 2017	778

	Fair value measurements using input type			
	Level 1	Level 2	Level 3	Total
As of December 31, 2018				
Derivative liabilities – warrants	-	-	(888)	(888)
Convertible securities	-	-	(3,035)	(3,035)

The fair value measurement of the Convertible securities in the table above, was estimated using a Monte Carlo simulation analysis, based on a variety of significant unobservable inputs a thus represent a level 3 measurement within the fair value hierarchy. As of the issue date of the warrants and Convertible securities, the key inputs that were used in measuring the fair value of the Convertible securities were: the risk free interest rate- 1.46%, the expected volatility-70% and the AUD/USD exchange rate -0.7055.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

M. Fair value measurement (Cont.)

As of December 31, 2018, the key inputs that were used in measuring the fair value of the Convertible securities were: the risk free interest rate- 1.56%, the expected volatility-70% and the AUD/USD exchange rate -0.7049.

	Derivative liability
Derivative liability - warrants as of December 31, 2017	(778)
Receipts of derivative liability	(610)
Change in fair value of derivative liability	500
Derivative liability - warrants as of December 31, 2018	(888)

	Convertible Securities
Convertible Securities as of December 31, 2017	-
Receipts of convertible Securities	(3,234)
Change in fair value of convertible Securities	199
Convertible loan as of December 31, 2018 (See also note 10)	(3,035)

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

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 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 12.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments effective from January 1, 2018

IFRS 9 Financial Instruments:

The Company applies IFRS 9, "Financial Instruments", as of January 1, 2018. IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement".

According to IFRS 9, the provisions of IAS 39 will continue to apply to de-recognition and to financial liabilities for which the fair value option has not been elected. According to IFRS 9, changes in the fair value of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

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

Expected credit losses ("ECL") and their measurement:

In order to manage the credit risks associated with customer receivables, the Company aims to secure certain financial guarantees prior to entering into business relationship with its customers. To this end the Company has developed a three-level matrix, which is based on past experience and historical data along with projections of the future into consideration, in order to group the ECL:

1. Receivable from sale of products – prepayment by credit card on the company's website.
2. Receivables from Medicare and Medicaid Services ("CMS") – which the Company receives reimbursement per the relevant Current Procedural Terminology ("CPT") code rate for the services rendered to the patient covered by CMS.
3. Receivables from Contracted third-party payors – Company has negotiated amounts for its monitoring services provided to patients covered by commercial healthcare insurance carriers.
4. Receivables from Non-Contracted Payors - Non-contracted commercial and government insurance carriers often reimburse out of network rates provided for under the relevant CPT codes on a case rate basis. The transaction price is based on an average of the Company's historical collection experience and it is reviewed quarterly.

ECL are measured as the unbiased probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, ECL are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default. The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by the future expectation factors. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (base case, adverse and optimistic scenarios).

The expected credit loss for customer receivables is measured using the simplified method in accordance with IFRS 9, which requires estimation of the life-time expected credit loss for trade receivables.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments effective from 1 January 2018 (Cont.):

IFRS 9 Financial Instruments (cont.):

As of December 31, 2018 and December 31, 2017, ECL for trade and other account receivables were $172 and $0, and as such are not disclosed in the financial assets measurement categories in accordance with IAS 39 and IFRS 9. These figures are not presented in separate measurement category on the loss allowance at that date, in accordance with IFRS 7.

Definition of default, including reasons for selecting the definition

For the contracted and CMS portfolios, the Company has historical experience of collecting substantially all of the negotiated contractual rates and determined at contract inception that these customers, and or their related third-party payor that pays the Company on their behalf, have the intention and ability to pay the promised consideration. As such, the Company is not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded.

For non-contracted portfolios, the Company is providing an implicit price concession because the Company does not have a contract with the underlying payor, the result of which requires us to estimate transaction price based on historical cash collections utilizing the expected value method. Subsequent adjustments to the transaction price are recorded as an adjustment to revenue and not as an expense.

Write-off policy

The Company writes off its financial assets if any of the following occur:
Inability to locate the debtor.
Discharge of the debt in a bankruptcy.
It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.
The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

Conclusion

The company believes that due to its strong preference to secure financial guarantees on significant transactions before accepting potential credit risk its risk of loss is limited. The three-level matrix described above is used to group the receivables into categories with varying the amount of expected credit risk in order to estimate the ECL.
There was no material impact on the Company's accounting for financial liabilities' as the new requirements only effect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

IFRS 15 – "Revenue from Contracts with Customers"

The Company applies IFRS 15 as of January 1, 2018. The standard supersedes other IFRS provisions relating to revenue recognition. The adoption of the standard had no impact on the Company's financial statements, as the company just started to generate revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
($ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments effective from 1 January 2018 (Cont.):

Service Revenue

The Company's revenue is generated primarily from providing cardiac monitoring services. Revenue is recognized when a company satisfies a performance obligation by transferring a promised good or service to a customer, and collectability of the contract consideration is probable. The Company's revenue is measured based on consideration specified in the contract with each customer. Revenue is only recognized if it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

The Company provides cardiac services using four types of monitors: Mobile Cardiac Telemetry (MCT), Event, extended Holter and Holter. The Company's services consist of the delivery of reports containing analysis of data captured by the physical device to the prescribing physician and the performance obligations are determined based on the nature of the services provided. With our remote cardiac monitoring services, the patient receives the benefits from the cardiac monitoring service over time, resulting in a time elapsed output method for revenue recognition. Revenue for these services is recognized on a straight-line basis over service period, typically lasting 14 to 30 days. This method provides an accurate depiction of the transfer of value over the term of the performance obligation because the level of effort in providing these services is consistent during the service period. MCT, Event, extended Holter and Holter services are not typically provided to the same patient at the same time.

The Company recognizes revenue on an accrual basis. Billings for services reimbursed by third party payors, including Medicare and Medicaid, are recorded as revenue net of contractual allowances. Contractual allowances are estimated based on historical collections by Current Procedural Terminology ("CPT") code for specific payors or class of payors and represent the difference between the list price (the billing rate) and the reimbursement rate for each payor.

The Company services are provided through an independent diagnostic testing facility model which allows us to bill Medicare, Medicaid, or one of the third-party healthcare insurers directly for services provided. We also receive reimbursement directly from patients through co-pays and self-pay arrangements.

A summary of the payment arrangements with payors is as follows:

- Medicare and Medicaid Services ("CMS") - we receive reimbursement per the relevant Current Procedural Terminology ("CPT") code rate for the services rendered to the patient covered by CMS.
- Contracted third-party payors – Company has negotiated amounts for its monitoring services provided to patients covered by commercial healthcare insurance carriers
- Non-Contracted Payors - Non-contracted commercial and government insurance carriers often reimburse out of network rates provided for under the relevant CPT codes on a case rate basis. The transaction price is based on an average of the Company's historical collection experience and it is reviewed quarterly

The Company is utilizing the portfolio approach practical expedient under IFRS 15 for revenue recognition. The Company accounts for the contracts within each portfolio as a collective group, rather than individual contracts. Based on the similar nature and characteristics of the patients within each portfolio, the Company has concluded that the financial statement effects are not materially different than if accounting for revenue on a contract-by-contract basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New standards, interpretations and amendments effective from 1 January 2018 (Cont.)

For the contracted and CMS portfolios, the Company has historical experience of collecting substantially all of the negotiated contractual rates and determined at contract inception that these customers, and or their related third-party payor that pays the Company on their behalf, have the intention and ability to pay the promised consideration. As such, the Company is not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded as bad debt expense.

For non-contracted portfolios, the Company is providing an implicit price concession because the Company does not have a contract with the underlying payor, the result of which requires us to estimate transaction price based on historical cash collections utilizing the expected value method. Subsequent adjustments to the transaction price are recorded as an adjustment to revenue and not as bad debt expense.

Sale of devices

Sales of products consist of revenue from the sale of Prizma Medical Smartphone Case. The Company recognizes revenue at the amount to which it expects to be entitled when control of the products or services is transferred to its customers. Control is generally transferred when the Company has a present right to payment and title and the significant risks and rewards of ownership of products are transferred to its customers. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, the company usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question For most of the Company's products sales, control transfers when products are shipped

New standards, interpretations and amendments Not Yet Adopted

<u>IFRS 16- "Leases"</u>

Adoption of IFRS 16 will result in the Company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Instead of recognizing an operating expense for its operating lease payments, the Company will instead recognize interest on its lease liabilities and amortization on its right-of-use assets.

The amendments are effective for reporting periods (interim and annual) beginning after January 1, 2019.

The Company leases its office facilities and motor vehicles under various operating leases.

The Company will apply IFRS 16 at the date of initial application.

Present value of future lease liabilities under operating leases as of December 31, 2018 are: 1,109.

The leases payments discounted using the interest rate of between 3%-5.5%per annum.

Right of use assets as of December 31, 2018 are: 1,220.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

Share based compensation

The consolidated entity has a share based remuneration scheme for employees. In 2017, the fair value of share options is estimated by using the 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. In 2018, the fair value of share options is estimated by using the Black-Scholes model. 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 (see also note 14).

Business Combination

The purchase consideration was allocated between the acquired tangible assets and intangible assets, based on their fair values. Fair values were estimated with the assistance of an independent third party. 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, 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.

NOTE 4 - INVENTORIES:

	December 31, 2018	December 31, 2017
Raw materials	1,244	49
Finish goods	111	182
	1,355	**231**

NOTE 5 - OTHER ACCOUNTS RECEIVABLE:

	December 31, 2018	December 31, 2017
Prepaid expenses	334	191
Advances to suppliers	343	180
Institutions	192	122
Others	104	32
	973	**525**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 6 - GOODWILL:

	December 31, 2018	December 31, 2017
Balance at the beginning of the year	2,950	-
Acquisition during the year	314	2,950
Impairment	(420)	-
Balance at the end of the year	**2,844**	**2,950**

NOTE 7 - INTANGIBLE ASSETS, NET:

	Insurance agreements
Cost:	
As of January 1, 2017	-
Acquisition of a subsidiary 2017	1,941
Acquisition of a subsidiary 2018	1,505
As of December 31, 2018	**3,446**
Accumulated amortization:	
As of January 1, 2017	-
Amortization 2017	162
Amortization 2018	2,030
As of December 31, 2018	**2,192**
Net book value:	
As of December 31, 2018	**1,254**
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT, NET:

	Computers and electronic equipment	Furniture and equipment	Vehicles	Leasehold Improvement	Total
Cost:					
As of January 1, 2018	1,384	97	115	92	1,688
Acquisition of a subsidiary	3,347	46	-	31	3,424
Additions	1,666	379	148	87	02,28
Disposals	-	-	(115)	-	(115)
As of December 31, 2018	**6,397**	**522**	**148**	**210**	**7,277**
Accumulated depreciation:					
As of January 1, 2018	57	7	16	6	86
Acquisition of a subsidiary	3,045	41	-	21	73,10
Additions	543	66	21	18	648
Disposals	-	-	(19)	-	(19)
As of December 31, 2018	**3,645**	**114**	**18**	**45**	**3,822**
Net Book Value:					
As of December 31, 2018	**2,752**	**408**	**130**	**165**	**3,455**
As of December 31, 2017	**1,327**	**90**	**99**	**86**	**1,602**

NOTE 9 - LOAN FROM CONTROLLING SHAREHOLDER:

A. 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. As of December 31, 2018, the total amount of this loan is $533.

B. In May 2018, the Company signed an agreement (the "2018 Credit Line") to receive a short-term loan up to $ 3 million from its major shareholder. The loan bears an interest of 10% per annum with a repayment date of April 30, 2019. The Company has the option to fully repay the loan at its own discretion during the 12 months period. The 2018 Credit Line was amended in October 2018, such that the aggregate amount available to the Company is $ 10 million. The 2018 Credit Line is unsecured, and bears multiple fixed interest rates, calculated on a linear basis from the disbursement date of each installment of the principal amounts: (i) 10% per annum for all amounts drawn until October 1, 2018 and (ii) 12% per annum for all amounts drawn as of October 1, 2018.

Upon lander's discretion, this loan agreement can be extended from repayment date April 30,2019 to December 31, 2019 at a fixed interest rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the Principal Amount and until its repayment in accordance with the terms hereunder (the "Interest").
If the loan agreement will be extended, for any reason whatsoever to December 31, 2019, the Loan Amount shall bear interest at a fixed rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the Principal Amount from April 30, 2019 up to its repayment in full accordance with the terms hereunder (the "Interest").
As of December 31, 2018, the total amount of this loan is $5,809.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 10 - CONVERTIBLE SECURITIES:

In October and November 2018, The Company entered into a convertible securities agreement (the "Convertible Securities") with investors (the "Noteholders"), the Company issued 4,050,000 Notes (face value of $ 1.1 per Note) to the Noteholders for an aggregate principal amount of $ 4,050. The Convertible Securities mature 18 months after the issuance date and are convertible into an aggregate of 18,838,556 Ordinary Shares. Each Convertible Security is convertible into such number of Ordinary Shares equal to the product of the number of Convertible Securities converted and the face value of $1.10 per Convertible Security, divided by the exchange rate of $0.7034 and divided by the fixed conversion price of AUD 0.3362 (approximately $0.2365). In addition, the Company issued to the Noteholders of the Convertible Securities 870,673 Ordinary Shares and warrants to purchase an aggregate of 4,657,002 Ordinary Shares with an exercise price of AUD 0.391 (approximately $0.28), which expire on October 31, 2023. For lead manager services, the Company granted a warrant to purchase an aggregate of 1,218,311 Ordinary Shares with an exercise price of AUD 0.391 (approximately $0.28), which expire on October 31, 2023.

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

The Company designated upon initial recognition that the convertible securities will be measured at fair value through profit or loss.

The transaction costs were recorded through profit and loss and equity proportionately among the fair value of the issued securities (Notes, warrants and shares).

NOTE 11 - OTHER ACCOUNTS PAYABLE:

	December 31, 2018	December 31, 2017
Employees and authorities	498	538
Tax authorities	414	360
Others	93	100
	1,005	**998**

NOTE 12 - LONG TERM LOANS:

	Linked to	Interest rate	December 31, 2018	December 31, 2017
Long term loans	U.S. dollar	2.5%-12%	2,712	4,086
Less- Current portion			(1,290)	(1,480)
			1,422	**2,606**

A. During the years 2015 through 2017, the Company received several loans from Bank Mizrahi Tfahot. As of December 31, 2018, and December 31, 2017, the total amount of these loans is: $1,594 and $2,334, respectively. The loans bear interest of between 2.5%-3% per annum. The maturity dates of these loans are between the years: 2020-2023.
The Company's major shareholder provides a guarantee for the loans payments described above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 12 - LONG TERM LOANS (CONT.):

B. Upon CardioStaff acquisition, additional long- term loans were added to the Company balance, As of December 31, 2018, and December 31, 2017, the total amount of these loans is $1,118 and $1,752, respectively. The loans bear interest of between 4%-12% per annum. The maturity dates of these loans are between the years: 2020-2023.

C. 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:

	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
Short term and long term 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	**-**

	Loans
As of January 1, 2018	4,275
Changes from financing cash flows:	
Receipts of long term loans from bank	59
Repayment of short term and long term loans	(1,590)
Total changes from financing cash flows	(1,531)
Accrued interest of long term loans	(32)
Loans upon acquisition	-
As of December 31, 2018	**2,712**

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

A. The Israeli subsidiary's' 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 566,168 (approximately $400). No provision was recognized due to this claim as the Company's management, based on its legal advisor opinion, does not consider there will be any probable cash outflow regarding this claim.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 14 – 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, 2018		December 31, 2017	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares of $0.001 par value	1,000,000,000	361,032,266	1,000,000,000	339,659,320

B. As of December 2016, the Company issued a promissory note with a face value of $1,500 to its controlling shareholder (hereinafter, the "loan"), for proceeds in the same amount. The loan bears no interest and will be repaid only upon liquidation (as defined in the agreement) of the Company.
Since the definition of liquidation in the agreement includes also uncertain future events (such as bankruptcy, insolvency etc.) that are beyond the control of both the issuer and the controlling shareholder, the loan was classified as a liability. As a transaction with a controlling party of the Company, the Company considered whether the transaction was conducted under arm's length, as the liability should be recorded on initial recognition at fair value in accordance with IAS 39 and IFRS 9.

As of December 2016, the fair value of the promissory note and the subsequent interest expenses for the years 2017 were found to be immaterial. As a result, the Company recorded the entire amount as contribution from its controlling shareholder in other reserve in the equity.

In order to analyze the fair value of the promissory note, the Company applied a Monte Carlo based risk neutral valuation model, which simulates the value of the Company's assets value over time and maps the value of the note, given that it has been triggered. The key inputs used for the sake of applying our model are: the expected time (10 years), the expected volatility of assets (45% per annum) and the 10 years risk free rate (2.45%).

C. Bonus Shares

In February 2017, the Company allocated 134,984,117 bonus shares in anticipation of an initial public offering in Australia and listing on the Australian Securities Exchange. In order to keep the existing shareholders whole, in connection with the amount of shares expected to be issued upon the public offering, the Company issued bonus shares (on a pro-rata basis) to its existing shareholders prior to the public offering. In order to issue the bonus shares, the Company issued 125,240,000 shares to the Company's controlling shareholder, and other existing shareholders (mostly Israeli individuals) received, due to tax reasons, 9,744,117 options exercisable into shares with an exercise price of $0.00001 (negligible), so that the economic effect of the grant was equivalent to bonus issuance of shares (stock dividend) to its existing shareholders. All options were exercised the same day they were granted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 14 – SHAREHOLDERS' EQUITY (DEFICIT) (CONT.):

D. In May, 2017 the Company completed a public offering, 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 the Agreement.

The warrants were classified as a derivative financial liability and are re-measured each reporting date according to Black-
Scholes model, 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.

The key assumptions used in the Black-Scholes model:

Risk free rate:	1.53%
Volatility of assets:	70%
Expected Term:	1-2 years
Expected dividend yield:	0%

E. 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.

F. 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.

G. On September 5, 2018, the Company entered into a Controlled Placement Agreement with Acuity Capital Investment Management Pty Ltd which provides us with up to AUD 10,000 thousand (approximately $7,200) of standby equity over a period of 28 months. Pursuant to the Controlled Placement Agreement, the Company issued to Acuity an option to require the Company to issue and allot, subject to prior notice, Ordinary Shares at an exercise price per Ordinary Share equal to the greater of (i) 90% of the VWAP of our Ordinary Shares traded by Acuity on ASX during a valuation period and (ii) a floor price for such valuation period, to be determined by the Company from time to time. Subject to the terms of the Controlled Placement Agreement, the Company may, at any time, terminate the Controlled Placement Agreement, following which Acuity may not require the Company to issue or allot any additional Ordinary Shares. As part of the agreement with Acuity, the Company issued to Acuity 17,000,000 Ordinary Shares to be held in collateral for no consideration. Upon the termination of the Controlled Placement Agreement, the Company may buy back the 17,000,000 collateral shares for no consideration. As of December 11, 2018, Acuity has exercised its option to purchase 3,325,000 Ordinary Shares, for aggregate net proceeds of AUD 1,085 thousand (approximately $782).

H. In October and November 2018, The Company entered into a convertible securities agreement (the “Convertible Securities”) with investors (see also note 10).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 14 –SHAREHOLDERS' EQUITY (DEFICIT) (CONT.):

I. 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, 4,928,685 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, 3,913,884 fully vested options were converted into shares of the Company on 1:1 basis. The fair value of the options were measured according to share price in the IPO.

   Upon the May 2017 public offering, 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.

2. In March 2018, the Board of Directors resolved to make a pool of 12,500,000 options available.

   On March 3, 2018, May 14, 2018 and July 26, 2018, under the Plan, 3,051,470, 514,707 and 113,750 options for ordinary shares with $ 0.242, $ 0.219 and $ 0.165 exercise price per share, were granted to employees, consultants and sub-contractors of the Company, respectively. The fair value of the options which were measured according to Black-Scholes model were $ 372, $ 52 and $ 13, respectively. The fair value of each option granted is estimated on the date of grant, using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 0% for all years; expected volatility: 2018 – 60%; risk-free interest rate: 2018 – 2.515%-2.82%; and expected life: 2017- 5 years.

   The Company is required to assume a dividend yield as an input in the Black-Scholes model. The dividend yield assumption is based on the Company's historical experience and expectation of future dividends payouts and may be subject to change in the future.

3. In 2018, 177,273 fully vested options were converted into shares of the Company on 1:1 basis.

4. In 2018 and 2017, the Company recorded an expense at the amount of $ $211 and $ 2,299, respectively.

5. A summary of the status of the Company's option plan granted to employees as of December 31, 2018 and changes during the relevant period ended on that date is presented below:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number of options	Weighted average Exercise price	Number of options	Weighted average Exercise price
Outstanding at beginning of year	1,014,801	$0.00001	-	-
Granted	3,659,927	$0.237	4,928,685	$0.00001
Exercised	(177,273)	$0.00001	(3,913,884)	
Forfeited and cancelled	(1,219,644)	$0.190	-	-
Outstanding at end of year	3,277,811	$0.194	1,014,801	$0.00001
Exercisable options	303,400	$0.00001	281,312	$0.00001

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 14 –SHAREHOLDERS' EQUITY (DEFICIT) (CONT.):

I. Options and shares granted to employees and service providers (cont.):

6. The options to employees outstanding as of December 31, 2018 are comprised, as follows:

Exercise price	Outstanding as of December 31, 2018	Weighted average remaining contractual term (years)	Exercisable as of December 31, 2018	Weighted average remaining contractual term (years)
0.00001$	595,164	3.1	303,400	3.1
$0.242	2,205,882	4.2	-	4.2
$0.219	411,765	4.4	-	4.4
$0.165	65,000	4.6	-	4.6
	3,277,811		303,400	

J. Performance rights:

Upon the May 2017 public offering, three classes of Performance Rights ("Performance Rights") were approved by shareholders at an Extraordinary General Meeting. The Performance 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 Performance 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 Performance Rights will be expired in 2 years.

60,000,000 Class C Performance Rights require cumulative EBITDA of at least $ 25,000, the Performance Rights will be expired in 3 years. The total fair value of performance shares at the amount of $ 15,888 was expensed in 2017 through profit and loss.

The main parameters used in the simulation model:

Risk free rate: 1.7%

Volatility of assets: 45%

Expected terms: 1-3 years.

Expected dividend yield: 0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES:

	Year ended December 31, 2018	Year ended December 31, 2017
Payroll and related	2,518	2,236
Share based compensation	205	464
Subcontractors and materials	1,037	1,040
Depreciation and amortization	54	29
Travel expenses	88	58
Patents	11	49
Others	232	108
Total	**4,145**	**3,984**

NOTE 16 - SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

	Year ended December 31, 2018	Year ended December 31, 2017
Professional services	2,392	1,883
Payroll and related	5,536	1,699
Share based compensation	6	17,723
Travel expenses	1,073	379
Rent and office maintenance	878	315
Depreciation and amortization	2,558	176
Others	664	356
Total	**13,107**	**22,531**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 17 - 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, 2018	Year ended December 31, 2017
Loss for the year attributable to shareholders	(16,262)	(27,057)
Weighted average number of ordinary shares	345,513,078	234,216,242
Basic loss per share in USD	**(0.05)**	**(0.11)**

NOTE 18 - TAXES ON (INCOME) EXPENSES:

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 23% in 2018 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.

United States of America:

The U.S. subsidiary incorporated in 2017 and is subject to local corporate tax in the United States. 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 $248 to the impact of remeasuring the Company’s deferred tax balances to reflect the new tax rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 18 - TAXES ON (INCOME) EXPENSES:

B. Reconciliation between the theoretical tax on the pre-tax income and the tax expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Loss before income tax	17,321	27,162
Statutory tax rate	0%	0%
Income tax at the statutory tax rate	-	-
Changes in tax rate	-	(248)
Expenses not recognized for tax purposes	102	390
Recognition of deferred tax assets which were not recognized on prior periods	(447)	(57)
Income tax expenses (benefit)	**(345)**	**85**

C. Income tax expenses (benefit):

	Year ended December 31, 2018	Year ended December 31, 2017
Current	102	390
Deferred taxes, net	(447)	(305)
	(345)	**85**

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, 2018	December 31, 2017
Deferred tax liabilities:		
Intangible assets	392	374
Total	**392**	**374**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 19 - RELATED PARTIES AND SHAREHOLDERS:

The following transactions arose with related parties:

Transaction	Year ended December 31, 2018	Year ended December 31, 2017
Short term employee benefits	1,819	1,073
Post-employment benefits	214	113
Share based compensation	58	14,993

Liabilities to related parties:

Name	December 31, 2018	December 31, 2017
key management personnel	368	135
Loan from controlling shareholder	6,342	492

- In 2016 and 2018 the Company signed an agreement to receive a short-term loan from its major shareholder (See also note 9).

NOTE 20 – SEGMENT REPORTING:

The Company identified the Company's COO as its chief operating decision maker ("CODM").

As the Company's CODM, the COO receives information on a segregated basis (for review on a regularly basis) of each business unit, i.e. projects (services) and products (components). The financial statements present within statements of comprehensive income the revenues from each segment on a standalone basis as well as cost of sale of each segment – i.e. there are no transactions between segments. The information as presented in the financial statements is essentially the same information provided to the CODM and the same information regarding decisions about allocating resources.

The Company accounts for its segment information in accordance with IFRS 8 "Segment Reporting" which establishes annual and interim reporting standards for operating segments of a Company based on the Company's internal accounting methods.

Operating segments are based upon its internal organization structure, the manner in which our operations are managed and the availability of separate financial information. The Company has two operating segments: components segment and project-services segment.

- **Products**

Development, manufacture and marketing of trans-telephonic and wireless diagnostic equipment for the medical industry and consumer market.

Mobile medical device platform designed for self-testing of vital signs for the consumer market.

- **Patient Services**

Cardiac monitoring services of MCT, Patch, Event, Holter, Extended Holter and Pacemaker.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 20 – SEGMENT REPORTING (CONT.):

Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's chief operating decision makers, follows:

For the year ended December 31, 2018:

	Products:	Patient Services:	Company Total:
Revenues from external customers	40	3,022	3,062
Segment loss	10,416	6,768	17,184
Finance income			(858)
Finance expenses			995
Loss before provision for income taxes			**17,321**

NOTE 21 - 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, 2018	December 31, 2017
Cash and Cash Equivalents	2,634	14,158
Restricted Cash	714	57
Trade receivables	705	140
Other Accounts Receivable	230	155
Total	**4,283**	**14,510**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 21 - 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, the RMB 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, 2018**			
	NIS	**AUD**	**RMB**	**Total**
Cash and cash equivalents	145	744	1,529	2,418
Restricted cash	44	-	-	44
Other accounts receivable	31	-	182	213
	220	**744**	**1,711**	**2,675**

Liabilities	**December 31, 2018**			
	NIS	**AUD**	**RMB**	**Total**
Trade and other payables	1,214	210	46	1,470
Long term loan	121	-	-	121
Derivative liabilities	-	888	-	888
	1,335	**1,098**	**46**	**2,479**
Net	**(1,115)**	**(354)**	**1,665**	**196**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

B. Currency risk (cont.):

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, 2018**			
	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**

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, 2018	**December 31, 2017**
Linked to NIS	(1,115)	(691)
	10%	10%
	(112)	(69)
Linked to AUD	(354)	4,729
	10%	10%
	(35)	473
Linked to RMB	1,665	4,165
	10%	10%
	167	416

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ($ in thousands)

NOTE 21- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

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, 2018	December 31, 2017
Trade and other payables	2,947	1,191
Bank loans	2,712	4,086
Loan from shareholder	6,342	492
Convertible Securities	3,035	-
Total	**15,036**	**5,769**

NOTE 22 - SUBSEQUENT EVENTS:

A. Transaction with related party:

In February 2019, the Board of Directors approved the execution, delivery and performance by G Medical Innovations Ltd (Israel) of a lease agreement with Ad Marom Assets and Initiation Ltd (The Lessor) relating to lease, commencing no later than January 2022, of 1,026 square meters in a building to be built in Israel by the Lessor.

Ad Marom Assets and Initiation Ltd. (The Lessor) is a company controlled by the Company's controlling shareholder.

B. Redemption in shares of 125,000 Convertible notes:

In February 2019, the Company has issued 815,649 fully paid ordinary shares to some of the Noteholders on conversion of 125,000 Convertible notes in accordance with Convertible Securities agreements.

In addition, the Company issued 126,485 warrants with an exercise price of AU$ 0.391, following some of the Noteholders election to defer their January amortization payment until maturity.

DIRECTORS' 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 7 to 44 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 2018 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 March 03, 2018

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, 2018, and the related consolidated statements of comprehensive income, changes in equity (deficit) and consolidated cash flows for the year then ended, and notes to the consolidated 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, 2018, and of its financial performance and its cash flows for the year 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 consolidated 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 consolidated 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 Audit Matters

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

Convertible notes	*How the matter was addressed in our audits*
During 2018 The Company issued convertible notes including warrants and shares to fund the company's operation. As at December 31, 2018, the convertible securities and the derivative financial liability totaled to $3,035 thousand	Our procedures in respect of this area included: • Understanding of the process and controls regarding the convertibles notes' valuations. • Assessing the competence and objectivity of the Company's external expert;

and $552 thousand, respectively as disclosed in Note 10. These financial instruments are recorded at fair value as required by the relevant accounting standard. We have focused on this area due to the complexities associated with the valuation and accounting for these financial instruments. Therefore, we considered it as Key Audit Matter.	• Testing the accuracy of the information 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; understanding and testing the underlying assumptions used for the forecasts. We used our valuation specialists to review management purchase price allocation and its assessment of the convertible notes and warrants. • 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 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 Assessing the classification of the convertible notes and warrants. Based on the evidence obtained from the procedures described above, we considered that the amount of convertible loan and the corresponding disclosures are acceptable in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2018.
Business Combination	***How the matter was addressed in our audits***
As of October 31, 2018, the Company completed the acquisition of 100% Telerhythmics LLC's equity for a total amount of $1.95M as appeared in Note 1B to the consolidated financial statements. 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,	Our procedures in respect of this area included: • Understanding of the process and controls around the intangible and tangible assets valuations. • Assessing the competence and objectivity of the Company's external expert ; • Testing the accuracy of the information 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; understanding

<table>
<tr>
<td>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 $314 thousand, which is recognized as goodwill.

Due to the fact that 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 considered it as Key Audit Matter</td>
<td>and testing the underlying assumptions used for forecasts.
• Assessing the appropriateness of the related disclosures in notes 1B to the consolidated financial statements.
• We used our valuation specialists to review management's 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 Verifying that the methodology used to evaluate the purchased intangible assets is in accordance with 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.
Based on the evidence obtained from the procedures described above, we considered that the business combination and the corresponding disclosures are acceptable in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2018.</td>
</tr>
<tr>
<td>Recognition of Revenues</td>
<td>How the matter was addressed in our audits</td>
</tr>
<tr>
<td>The Company's revenues is generated primarily from providing cardic motoring services ("CMS").

Total revenues from the rendering of services for the year ended 2018 were $3,062 thousand and comprised of two types of revenues:

• Services
• Products.</td>
<td>We obtained a detailed understanding of each of the revenue streams and the processes for capturing and recording revenue. Our key audit procedures in relation to the recognition of revenue included:

Services

• Gaining an understanding of the recognition of CMS process.</td>
</tr>
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תל אביב 03-6386868 | ירושלים 02-6546200 | חיפה 04-8680600 | באר שבע 077-7784100 | בני ברק 073-7145300 | קרית שמונה 077-5054906 | פתח תקווה 077-7784180 | מודיעין עילית 08-9744111 | נצרת עילית 04-6555888 | אילת 08-6339911

משרד ראשי: בית אמות הביטוח, דרך מנחם בגין 48, תל אביב, 6618001 דוא"ל: bdo@bdo.co.il בקרו באתר שלנו: www.bdo.co.il

As the Company is not providing an implicit price concession but, rather, have chosen to accept the risk of default, and adjustments to the transaction price are recorded, as described in Note 2, we considered it as Key Audit Matter.	• Reconciling, on a sample basis, sales data to the revenue recognized. • Assessing the reasonableness of difference between list price's fees by treatments, to actual revenue receipted • Testing on a sample basis for invoices to healthcare's insurance, and private patients. • Examined the adjustments to the price list according to the agreements with the insurance companies. ***Products*** • Gaining an understanding of the recognition of revenue from the provision of home care services • On a sample basis verifying rates charged in invoices to funds receipted. Based on the evidence obtained from the procedures described above, we considered that the revenue recognized and the corresponding disclosures are acceptable in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2018.
Commitment to support the Company to ongoing operation	***How the matter was addressed in our audits***
The Company has incurred negative cash flows from operations and net losses for the current and recent years. Up to date, the operations are financed by bank credit lines, issuance of shares, and a loan from its controlling shareholder. Further, as described in Note 1A the Company's controlling shareholder is committed to continue and support the Company's ongoing operation for the foreseeable future. Since the controlling shareholder's commitment is vital to the Company's ongoing operations, we considered it as Key Audit Matter.	Our procedures included the following: • We obtained confirmation from all related parties of outstanding loans receivable and agreed the confirmed amounts and terms to the disclosures presented in the financial report. • We received a commitment letter to support the company from the controlling shareholder. • We obtained written financial stability confirmation from the controlling shareholder's bank to support the company. Based on the evidence obtained from the procedures described above, we considered that disclosures are acceptable in the context of the consolidated financial statements taken as a whole, for the year ended December 31, 2018.

אילת	נצרת עילית	מודיעין עילית	פתח תקווה	קרית שמונה	בני ברק	באר שבע	חיפה	ירושלים	תל אביב
08-6339911	04-6555888	08-9744111	077-7784180	077-5054906	073-7145300	077-7784100	04-8680600	02-6546200	03-6386868

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Other information

The management is responsible for the other information. The other information comprises the information contained in the directors' report for the year ended 31 December, 2018, but does not include the consolidated 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 consolidated 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 consolidated 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 those charged with governance for the consolidated Financial Statements

The management is 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 material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the management is 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audits of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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:

תל אביב	ירושלים	חיפה	באר שבע	בני ברק	קרית שמונה	פתח תקווה	מודיעין עילית	נצרת עילית	אילת
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- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements of the current period and are therefore the

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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.

Tomer Fromovich

Partner

Tel-Aviv, Israel

March 3, 2019

Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 3 March 2019 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	1	1
Brendan de Kauwe	Bachelor of Science and Bachelor of Dental Surgery	1	1
Sam Skontos	B.Eng	1	1

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	Certified Practising Accountant	-	-

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 57%
- Women in senior management positions 39%
- 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.

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:

Dr Kenneth R Melani	Non-Executive Chairman (appointed 21 August 2014);
Dr Yacov Geva	President and Chief Executive Officer (appointed 3 October 2014);
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);

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:

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

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 performance 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 $118,072.

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 incorporated 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 relation 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 requires) 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 references 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 number 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 19 February 2019.

As at 19 February 2019 there were 1,728 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 SHAREHOLDERS

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	53.35%
2	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD	16,977,685	4.69%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,150,702	1.42%
3	RAFI HEUMANN	4,942,124	1.37%
4	ERAN GILBOA	4,415,151	1.22%
5	ARIEL MALIK CONSULTING LTD	4,415,151	1.22%
5	ANTEL SOLUTIONS LLC	4,314,157	1.19%
6	CITICORP NOMINEES PTY LIMITED	3,845,746	1.06%
7	"BUZZ CAPITAL PTY LTD <ZI VESTMENT A/C >"	3,738,637	1.03%
8	"ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>"	3,738,637	1.03%
9	KENNETH MELANI	3,309,438	0.91%
10	NIR GEVA	3,246,413	0.90%
11	KOBI BEN EFRAIM	3,246,406	0.90%
12	"ATTOLLO INVESTMENTS PTY LTD <ATTOLLO INVESTMENT A/C>"	2,670,455	0.74%
13	"JOMAHA PTY LTD <JOMAHA SUPER FUND A/C>"	2,136,000	0.59%
14	"BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>"	1,983,565	0.55%
15	MR CEZARY NOWAK	1,950,000	0.54%
16	DR BORENSTEIN LTD	1,851,516	0.51%
17	CARDIAC ADVANCEMENTS LLC	1,790,171	0.49%
18	MR RAYBON KAN	1,310,771	0.36%
19	"NSR INVESTMENTS PTY LTD <NSR SUPER FUND A/C>"	1,300,000	0.36%
20	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,279,705	0.35%
	Totals top 20	**270,648,584**	**74.80%**
	Other holders	91,199,331	25.2%
	Total issued capital	**361,847,915**	**100%**

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 19 February 2019 are:

Name	No of Shares Held	% of Issued Capital
Yacov Geva	196,708,154	54.36%

Note: Securities are held beneficially and registered through Bank Julius Baer & Co Ltd (193,036,154 shares) and HSBC Custody Nominees (Australia) Limited (3,672,000 shares)

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	61	14,989	0.00%
1,001 - 5,000	394	1,193,324	0.33%
5,001 - 10,000	274	2,263,803	0.63%
10,001 - 100,000	758	28,305,733	7.82%
100,001 - 9,999,999,999	234	330,070,066	91.22%
Totals	1,721	361,847,915	100.00%

Unmarketable Parcels – 1,665 Holders. This is based on a price of $0.30, being the price recently paid for ordinary fully paid shares as at the close of business on 19 February 2019.

RESTRICTED SECURITIES

As at 19 February 2018 the following securities are subject to escrow:

- 233,898,001 Ordinary Fully Paid Shares escrowed until 10 May 2019
- 20,315,170 Options Expiring 1 May 2020 @ AU$0.30 escrowed until 10 May 2019
- 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

[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.

UNQUOTED SECURITIES

As at 19 February 2019, 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 – 20 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
Asenna Wealth Solutions Pty Ltd	1,583,333	30.21%

60,000,000 Performance Rights Class B[3] escrowed until 10 May 2019 – 15 holders

Holders with more than 20%

Name	No of Rights 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[4] escrowed until 10 May 2019 – 15 holders

Holders with more than 20%

Name	No of Rights 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%

[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.

595,163 Options Expiring 5 years from issue @ US$0.00001 – 1 holder

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
IBI Capital	595,163	100%

Note: Prof Rotshtain Zeev is the beneficial holder of 371,976 options (62.49%).

87,198 Options Expiring 5 years from issue @ AU$0.20 – 1 holder

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
IBI Capital	87,198	100%

Note: Fraser Finance LLP is the beneficial of 50,000 options (57.34%).

2,426,471 Options Expiring 5 years from issue @ US$0.242 – 1 holder

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
IBI Capital	2,426,471	100%

411,765 Options Expiring 5 years from issue @ US$0.219 – 1 holder

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
IBI Capital	411,765	100%

Note: Amit Ben Avi is the beneficial of 102,941 options (25%) and Benny Tal is the beneficial of 154,411 options (37.5%)

6,001,798 Options Expiring 31/10/2023 @ AU$0.391 – 6 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
MEF I LP	3,737,100	62.27%
AMNON MANDELBAUM	1,218,311	20.30%

113,750 Options Expiring 5 years from issue @ US$0.165 – 1 holder

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
IBI Capital	113,750	100%

Note: There are no Holders with more than 20%

3,925,000 Convertible Notes Expiring 18 months from issue @Face value of US$1.1 per convertible note, FX rate 0.7034, conversion price AU$0.3362– 5 holders

Holders with more than 20%

Name	No of Shares Held	% of Issued Capital
MEF I LP	3,141,667	80.04%

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.