

# **Azure Health Technology Limited**

ABN 31 111 082 485

## **Interim Report**

for the year half year ended

31 December 2019

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**CORPORATE DIRECTORY**

**AZURE HEALTH TECHNOLOGY LIMITED**

**ABN** 35 111 082 485

**Directors**

Lou Panaccio	Non-Executive Chairman
Wei Jiang	Non-Executive Director
Steven Jiayi Yu	Executive Director
Weidong Chen	Non-Executive Director
Gregory Barry Starr	Executive Director
Glenn Tong	Non-Executive Director

**Company Secretary**

Gregory Starr

**Registered Office and Principal Place of Business**

Level 45, Suite 03,  
19-29 Martin Place,  
Sydney, NSW, 2003

Ph: (02) 8279 8908

**Postal Address**

Azure Health Technology Limited  
Level 45, Suite 03,  
19-29 Martin Place,  
Sydney, NSW, 2003

**Share Register**

Link Market Services  
Level 12, 680 George Street  
SYDNEY, NSW, 2000  
Ph: 1300 554 474

**Auditors**

Hall Chadwick  
Level 40, 2 Park Street  
SYDNEY, NSW, 2000

**Securities Exchange Listing**

Australian Securities Exchange  
(Home Branch – Perth)  
ASX Code: AZT

## APPENDIX 4D – INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

#### Key Information

	Half-year Ended 31-Dec-19	Half-year Ended 31-Dec-18	% Change
	\$	\$	
Revenue from ordinary activities	-	-	-
Loss after tax from ordinary activities attributable to members	(722,939)	3,009,345	(124)%
Net Loss attributable to members	(722,939)	3,009,345	(124)%

#### Dividends Paid and Proposed

	Amount per Security	Franked Amount per Security at 30% of Tax
	(cents)	(cents)
There were no dividends paid. It is not proposed to pay dividends.	NIL	NIL

#### Explanation of Key Information and Dividends

An explanation of the above figures is contained in the "Review of Operations" included within the attached directors' report.

#### Net Tangible Assets per Share

	Half-year Ended 31-Dec-19	Half-year Ended 31-Dec-18
	\$/Share	\$/Share
Net tangible assets per share	(0.005)	0.000

#### Control Gained or Lost over Entities in the Half-year

No control was gained or lost over entities in the half - year

#### Dividend Reinvestment Plans

The Group does not have any dividend reinvestment plans in operation.

#### Investments in Associates and Joint Ventures

	Half-year Ended 31-Dec-19	Half-year Ended 31-Dec-18
Material investments in associates and joint ventures	NIL	NIL

**DIRECTORS' REPORT**

Your Directors submit the annual financial report of Azure Health Technology Limited ("Azure" or "the Company") for the half year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**Directors**

The names of Directors who held office during the half year and up to the date of this Report are as follows. Directors were in office for this entire period unless otherwise stated.

<b>Name</b>	<b>Appointed</b>
Greg Starr	Executive Director (Appointed 18 December 2018) Company Secretary (Appointed 18 December 2018)
Steven Jiayi Yu	Executive Director (Appointed 28 March 2019)
Mr Wei Jiang	Non-Executive Director (Appointed 15 March 2019)
Weidong Chen	Non-Executive Director (Appointed 15 March 2019)
Lou Panaccio	Non-Executive Chairman (Appointed 23 December 2019)
Glenn Tong	Non-Executive Director (Appointed 23 December 2019)

**PRINCIPAL ACTIVITIES**

During the half year ended 31 December 2019 the principal activity of Azure Health Technology Limited remains to research, develop, distribute and market a range of health and therapeutic products and technologies, including innovative drugs, wellbeing supplements and medical devices as outlined below.

**REVIEW OF OPERATIONS**

On 8 November 2019, the Company signed a binding, conditional Memorandum of Understanding (MOU) with Invictus Biopharma Ltd (ACN 628 241 725) (Invictus) to acquire 100% of the issued capital of Invictus, in return for equity (both shares and options) in AZT and the assumption of up to \$1.2 million of Invictus' net liability to creditors and lenders (Acquisition). The Acquisition is in connection with a proposed relisting and capital raising of AZT (Transaction).

Invictus is commercialising delivery platforms enhancing the delivery of tocotrienols (T3s) which is the component of vitamin E thought to confer benefits across a range of medical conditions and applications. Invictus is focused on improving efficacy by improving the bioavailability using direct delivery platforms without invasive techniques like injections or surgical implants

It is expected that AZT will relist on the ASX after completion of the Acquisition (Relisting) and it is expected that on Relisting AZT's shares will be quoted at \$0.20 per share. The shares to be issued to Invictus shareholders will be issued at the same price as the Relisting Price (Issue Price). The first part of the consideration for acquiring all of the issued capital of Invictus (Invictus Shares) is that AZT will issue to the Invictus Shareholders in their respective proportions, up to 35,000,000 fully paid ordinary shares in AZT (Consideration Shares). AZT will also issue options to subscribe for fully paid ordinary shares in AZT to participants in the existing Invictus employee incentive plan (Plan) with an exercise price of \$0.479 per option (Consideration Options). The Consideration Options will be issued on terms similar to the existing Plan. All previous and outstanding options under the Plan will be cancelled.

The second part of the consideration for the acquisition of all of the issued capital in Invictus is the assumption by AZT of up to \$1.2 million (Target Liability) of Invictus' net liability to creditors and lenders as at the date of completion of the Acquisition (Completion). Completion and the assumption of liability is expected to occur as soon as practicable after the close of the public offer for AZT's shares or any other later date agreed between the parties. To the extent that Invictus's actual net liability is (or will) exceed the Target Liabilities then an adjustment will be made to reduce the number of Consideration Shares issued.

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. AZT proposes to send a notice of meeting (NOM) seeking the relevant approvals to undertake this process and that NOM will contain detailed information relating to the Acquisition.

In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, the Company is proposing to undertake a capital raising by way of a general public offer under a prospectus (Offer) to raise between AU\$7,000,000 and AU\$10,000,000 by the issue of between 35 million and 50 million shares at AU\$0.20 per

**DIRECTORS' REPORT (Continued)**

AZT Share (Proposed Capital Raising). A prospectus is proposed to be lodged with ASIC in respect of the Proposed Capital Raising. The explanatory memorandum for the Notice of meeting outlines the following resolutions the company is seeking to pass. These are:

1. A resolution for the consolidation of the Shares and other securities on issue. If passed this resolution will consolidate Shares and other securities on the basis of 2.57 to 1;
2. A resolution to approve a change in nature and scale of activities of the Company for the purposes of Chapter 11 of the ASX Listing Rules;
3. A resolution to approve the acquisition of Invictus and issue of Consideration Shares and Consideration Options for the purposes of Chapter 2E of the Corporations Act;
4. A resolution to approve the issue of securities under the Offer for the purposes of ASX Listing Rule 7.1;
5. A resolution to approve the issue of Consideration Shares in connection with the Invictus Acquisition for the purposes of ASX Listing Rule 7.1
6. A resolution to approve the issue of Consideration Options to Invictus Employees for the purposes of ASX Listing Rule 7.1
7. A resolution to approve the ESOP and approve issues of securities and grant of loans under the ESOP;
8. Resolutions to approve the issue of securities to the Directors and proposed Directors of the Company;

An indicative Timetable for the Proposed Transactions is as follows.

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC	30 January 2020
Despatch of Notice of General Meeting	4 February 2020
General Meeting	6 March 2020
Opening Date of the Offer	24 February 2020
Closing Date of Offer	27 March 2020
Completion of Invictus Acquisition	2 April 2020
Expected despatch date of Holding Statements	2 April 2020
Expected date for reinstatement to quotation of Shares on ASX	3 April 2020
Expected date for quotation of Shares	3 April 2020

**EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

Under the Australian Securities Exchange Listing rules ASX's policy is to remove from the official list any entity whose securities have been suspended from trading for a continuous period of 3 years. In the company's case, it would have been continuously suspended for 3 years on 25 January 2020, with removal taking effect on 26 January 2020.

ASX policy is to agree a short extension of the 3 year deadline for the automatic removal of a long-term suspended entity if the entity can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities. For these purposes, "final stages" means:

- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC and it not being the subject of a stop order or other regulatory action by ASIC;
- if the transaction requires approval by security holders or from a governmental agency or financier, the entity having obtained all such approvals; and
- ASX otherwise being satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The extension, if granted, will be for no more than 3 months (it may be shorter if ASX considers that the transaction ought to be reasonably capable of being consummated in a lesser period).

The prospectus has been lodged with ASIC and the notice of General meeting has been dispatched for a General Meeting to be held 6 March. AZT have been granted an extension to 17 March 2020 to obtain shareholder approval and ASIC

**DIRECTORS' REPORT (Continued)**

clearance on the prospectus. As AZT are in the final stages of raising capital and re-listing and ASIC clearance has been given, the directors are confident a further extension of time will be granted if necessary.

**Operating Results**

The loss of the Company for the half year ended 31 December 2019 after tax was \$722,939 (2018 profit \$3,009,345).

**Dividends**

No dividends have been paid or declared by the Company for the half year ended 31 December 2019 and up to the date of this report. The Directors do not recommend the payment of a dividend.

**Likely Developments and Expected Results**

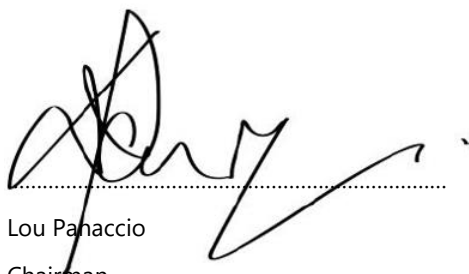
The Directors are seeking to complete the acquisition of Invictus Biopharma Ltd and to complete the capital raising by way of a general public offer under a prospectus (Offer) to raise between AU\$7,000,000 and AU\$10,000,000 by the issue of between 35 million and 50 million shares at AU\$0.20 per AZT Share (Proposed Capital Raising). A prospectus has been cleared by ASIC in respect of the Proposed Capital Raising. The Directors are additionally seeking opportunities in other industries with a view to enhancing Shareholder value.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. This Independence Declaration is set out on page 8 and forms part of this Directors' report for the half year ended 31 December 2019.

There were no non-audit services provided by our auditors, Hall Chadwick.

Signed in accordance with a resolution of the Directors.



Lou Panaccio  
Chairman

SYDNEY, New South Wales

27 February 2020

**AZURE HEALTH TECHNOLOGY LIMITED**  
**ABN 31 111 082 485**  
**AUDITOR'S INDEPENDENCE DECLARATION**  
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**  
**TO THE DIRECTORS OF AZURE HEALTH TECHNOLOGY LIMITED**

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia

Ph: (612) 9263 2600  
Fx: (612) 9263 2800

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Azure Health Technology Limited. As the lead audit partner for the review of the financial report of Azure Health Technology Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*Hall Chadwick*

HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000

*Drew Townsend*

**DREW TOWNSEND**  
Partner  
Dated: 27 February 2020

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	31 Dec 2019	31 Dec 2018
		\$	\$
<b>Revenue and Other Income</b>			
Interest Income	3	20	-
Other Income	3	-	3,331,163
<b>Expenses</b>			
Legal and professional fees	4	(722,959)	(321,818)
<b>(Loss) / Profit before income tax benefit</b>		<b>(722,939)</b>	<b>3,009,345</b>
<b>(Loss) / Profit after income tax benefit</b>		<b>(722,939)</b>	<b>3,009,345</b>
<b>Total Comprehensive Income</b>		<b>(722,939)</b>	<b>3,009,345</b>
Basic (loss) / profit per share (cents per share)		(1.04)	1.67

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Consolidated	
		31 Dec 2019	30 Jun 2019
	Note	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	-	1,327
Trade and other receivables	6	172,953	143,114
<b>Total Current Assets</b>		<b>172,953</b>	<b>144,441</b>
<b>Total Non-Current Assets</b>		-	-
<b>Total Assets</b>		<b>172,953</b>	<b>144,441</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	889,064	140,776
Borrowings	8	233,163	230,000
<b>Total Current Liabilities</b>		<b>1,122,227</b>	<b>370,776</b>
<b>Total Non-Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>1,122,227</b>	<b>370,776</b>
<b>Net Assets</b>		<b>(949,274)</b>	<b>(226,335)</b>
<b>Equity</b>			
Issued capital	9	69,575,647	69,575,647
Reserves		11,582,945	11,582,945
Accumulated losses		(82,107,866)	(81,384,927)
<b>Total Equity</b>		<b>(949,274)</b>	<b>(226,335)</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated	
		31 Dec 2019	31 Dec 2018
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,490)	354,000
<b>Net cash (used in) operating activities</b>		<b>(4,490)</b>	<b>354,000</b>
<b>Net cash (used in) investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from Borrowings		2,617	
Proceeds from issue of shares		-	355,000
<b>Net cash provided by financing activities</b>		<b>2,617</b>	<b>355,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,873)</b>	<b>1,000</b>
Cash and cash equivalents at 1 July		1,327	-
Effects of exchange rates on cash		-	-
<b>Cash and cash equivalents at 31 December</b>	<b>8</b>	<b>(546)</b>	<b>1,000</b>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Foreign currency Translation Reserve</b>	<b>Option Reserves</b>	<b>Accumulated Losses</b>	<b>Non-controlling interest</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2019</b>	<b>69,575,647</b>	-	<b>11,582,945</b>	<b>(81,384,927)</b>	-	<b>(226,335)</b>
Loss after income tax expense for the half-year	-	-	-	(722,939)	-	(722,939)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	<b>(722,939)</b>	-	<b>(722,939)</b>
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>69,575,647</b>	-	<b>11,582,945</b>	<b>(82,107,866)</b>	-	<b>(949,274)</b>

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Foreign currency Translation Reserve</b>	<b>Option Reserves</b>	<b>Accumulated Losses</b>	<b>Non-controlling interest</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2018</b>	<b>69,142,533</b>	<b>2,146,430</b>	<b>11,582,945</b>	<b>(86,236,344)</b>	<b>(44,765)</b>	<b>(3,409,201)</b>
Profit after income tax expense for the half-year	-	-	-	3,009,345	-	3,009,345
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive loss</b>	-	-	-	<b>3,009,345</b>	-	<b>3,009,345</b>
<b>Transactions with owners in their capacity as owners</b>						
Issuance of shares	433,038	-	-	-	-	433,038
Reclassification on disposal of subsidiaries pursuant to DOCA	-	(2,146,430)	-	2,101,665	44,765	-
<b>Total transactions with owners</b>	<b>433,038</b>	<b>(2,146,430)</b>	-	<b>2,101,665</b>	<b>44,765</b>	<b>433,038</b>
<b>Balance at 31 December 2018</b>	<b>69,575,571</b>	-	<b>11,582,945</b>	<b>(81,125,334)</b>	-	<b>33,182</b>

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Azure Health Technology Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019 together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 27 February 2020.

#### *Going Concern*

During the half year ended 31 December 2019, the company incurred a net loss of \$722,939. As at 31 December 2019, the company had a net asset deficiency of \$949,274. At the date of this Report, the new Board is determining the new direction the business will take and will, as part of a programme to secure the re-quotations of the Company's shares on the ASX, among other things, raise further capital to fund the future business plan of the Company.

On 8 November 2019, the Company signed a binding, conditional Memorandum of Understanding (MOU) with Invictus Biopharma Ltd (ACN 628 241 725) (Invictus) to acquire 100% of the issued capital of Invictus, in return for equity (both shares and options) in AZT and the assumption of up to \$1.2 million of Invictus' net liability to creditors and lenders (Acquisition). The Acquisition is in connection with a proposed relisting and capital raising of AZT (Transaction).

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. AZT proposes to send a notice of meeting (NOM) seeking the relevant approvals to undertake this process and that NOM will contain detailed information relating to the Acquisition.

In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, the Company is proposing to undertake a capital raising by way of a general public offer under a prospectus (Offer) to raise between AU\$7,000,000 and AU\$10,000,000 by the issue of between 35 million and 50 million shares at AU\$0.20 per AZT Share (Proposed Capital Raising). As at the date of this report, in respect of the Proposed Capital Raising, the prospectus has been lodged with ASIC and the Notice of General Meeting has been issued.

The Directors are satisfied that the Company will be able to meet its liabilities as and when they fall due in the interim and as a consequence of this belief and the planned future capital raising, the Directors believe that the Company remains a going concern at the date of this Report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**(b) Accounting policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for those as described below.

*Standards and Interpretations applicable to 31 December 2019*

In the half year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual Reporting Period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

*Standards and Interpretations in issues not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2019. As a result of the review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Group accounting policies.

**NOTE 2: FINANCIAL REPORTING BY SEGMENTS**

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

At the date of this Report, the new Board is determining the new direction the business will take and will, as part of a programme to secure the re-quotations of the Company's shares on the ASX, among other things, raise further capital to fund the future business plan of the Company.

During the half-year ended 31 December 2019, the Company did not undertake any significant activities, having just come out of Voluntary Administration on 18 December 2018. As a result, disclosure of segment information is not considered relevant.

**NOTE 3: REVENUE AND OTHER INCOME**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	\$	\$
Revenue	-	-
Interest received	20	-
Other income		
- Debt forgiveness from unsecured creditors pursuant to DOCA	-	1,933,201
- Debt forgiveness from secured creditors pursuant to DOCA	-	1,397,962
	<b>20</b>	<b>3,331,163</b>

**NOTE 4: EXPENSES**

	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
	\$	\$
Legal and Professional fees	722,959	321,818

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

<b>NOTE 5: CASH AND CASH EQUIVALENTS</b>	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	\$	\$
Cash at bank	-	1,327
	-	1,327

<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	\$	\$
GST Receivable	172,877	58,863
Other receivables	76	-
Deposits paid	-	84,251
	172,953	143,114

Other Receivables balance is the GST input tax to be reclaimed from the ATO.

<b>NOTE 7: TRADE AND OTHER PAYABLES</b>	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	\$	\$
Trade payables	889,064	69,776
Other payables and accruals	-	71,000
	889,064	140,776

<b>NOTE 8: BORROWINGS</b>	<b>Consolidated</b>	
	<b>31 Dec 2019</b>	<b>30 Jun 2019</b>
	\$	\$
<b>Current</b>		
Bank overdraft	546	-
Loan from Shareholder	232,616	230,000
	233,163	230,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 9: ISSUED CAPITAL	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
<b>Issued and paid up capital</b>		
Ordinary shares fully paid	69,575,647	69,575,647

### (a) Ordinary shares

Details	Issue Date	Number of shares	Issue Price	Amount \$
Balance as at 1 July 2019		179,998,454		69,575,647
Balance as at 31 December 2019		179,998,454		69,575,647

### NOTE 10: CONTINGENT LIABILITIES

There were no contingent liabilities for the half year ended 31 December 2019 (2018: \$Nil)

### NOTE 11: RELATED PARTY DISCLOSURES

There have been no significant changes to related party transactions as disclosed in the last annual report.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 12: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

On 8 November 2019, the Company signed a binding, conditional Memorandum of Understanding (MOU) with Invictus Biopharma Ltd (ACN 628 241 725) (Invictus) to acquire 100% of the issued capital of Invictus, in return for equity (both shares and options) in AZT and the assumption of up to \$1.2 million of Invictus' net liability to creditors and lenders (Acquisition). The Acquisition is in connection with a proposed relisting and capital raising of AZT (Transaction).

The Acquisition will result in a change in the Company's nature and scale of its activities and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain conditional approval from ASX to have its securities re-admitted to trading. AZT proposes to send a notice of meeting (NOM) seeking the relevant approvals to undertake this process and that NOM will contain detailed information relating to the Acquisition.

In order to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules for admission to the Official List, the Company is proposing to undertake a capital raising by way of a general public offer under a prospectus (Offer) to raise between AU\$7,000,000 and AU\$10,000,000 by the issue of between 35 million and 50 million shares at AU\$0.20 per AZT Share (Proposed Capital Raising). A prospectus is proposed to be lodged with ASIC in respect of the Proposed Capital Raising. The explanatory memorandum for the Notice of meeting outlines the following resolutions the company is seeking to pass. These are:

1. A resolution for the consolidation of the Shares and other securities on issue. If passed this resolution will consolidate Shares and other securities on the basis of 2.57 to 1;
2. A resolution to approve a change in nature and scale of activities of the Company for the purposes of Chapter 11 of the ASX Listing Rules;
3. A resolution to approve the acquisition of Invictus and issue of Consideration Shares and Consideration Options for the purposes of Chapter 2E of the Corporations Act;
4. A resolution to approve the issue of securities under the Offer for the purposes of ASX Listing Rule 7.1;
5. A resolution to approve the issue of Consideration Shares in connection with the Invictus Acquisition for the purposes of ASX Listing Rule 7.1
6. A resolution to approve the issue of Consideration Options to Invictus Employees for the purposes of ASX Listing Rule 7.1
7. A resolution to approve the ESOP and approve issues of securities and grant of loans under the ESOP;
8. Resolutions to approve the issue of securities to the Directors and proposed Directors of the Company;

An indicative Timetable for the Proposed Transactions is as follows.

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC	30 January 2020
Despatch of Notice of General Meeting	4 February 2020
General Meeting	6 March 2020
Opening Date of the Offer	24 February 2020
Closing Date of Offer	27 March 2020
Completion of Invictus Acquisition	2 April 2020
Expected despatch date of Holding Statements	2 April 2020
Expected date for reinstatement to quotation of Shares on ASX	3 April 2020
Expected date for quotation of Shares	3 April 2020

As at the date of this report, the Prospectus has been lodged with ASIC and the Notice of General meeting has been lodged in accordance with the above timetable.

Under the Australian Securities Exchange Listing rules ASX's policy is to remove from the official list any entity whose securities have been suspended from trading for a continuous period of 3 years. In the company's case, it will have been continuously suspended for 3 years on 25 January 2020, with removal taking effect on 26 January 2020.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

ASX policy is to agree to a short extension of the 3 year deadline for the automatic removal of a long-term suspended entity if the entity can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities. For these purposes, "final stages" means:

- having announced the transaction to the market;
- having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
- if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC and it not being the subject of a stop order or other regulatory action by ASIC;
- if the transaction requires approval by security holders or from a governmental agency or financier, the entity having obtained all such approvals; and
- ASX otherwise being satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The extension, if granted, will be for no more than 3 months (it may be shorter if ASX considers that the transaction ought to be reasonably capable of being consummated in a lesser period).

The prospectus has been lodged with ASIC and the notice of General meeting has been dispatched for a General Meeting to be held 6 March. AZT have been granted an extension to 17 March 2020 to obtain shareholder approval and ASIC clearance on the prospectus. As AZT are in the final stages of raising capital and re-listing and ASIC clearance has been given, the directors are confident a further extension of time will be granted if necessary

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Azure Health Technology Limited ("the Company"):

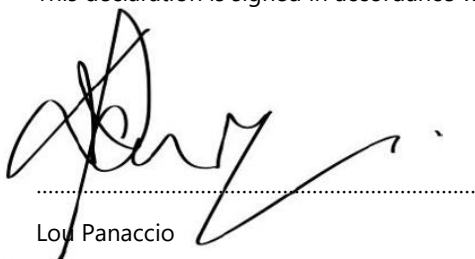
a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

i) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and

ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



.....  
Lou Panaccio

Chairman

SYDNEY, New South Wales

27 February 2020

**AZURE HEALTH TECHNOLOGY LIMITED**  
**ABN 31 111 082 485****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF**  
**AZURE HEALTH TECHNOLOGY LIMITED****SYDNEY**Level 40  
2 Park Street  
Sydney NSW 2000  
AustraliaPh: (612) 9263 2600  
Fx: (612) 9263 2800**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Azure Health Technology Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

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

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
AZURE HEALTH TECHNOLOGY LIMITED****Basis for Qualified Conclusion**

As disclosed in the 2019 annual report, the company was previously placed into voluntary administration. On 7 November 2017, the company entered a Deed of Company Arrangement (DOCA) and was then recapitalised and returned to normal trading following the effectuation of DOCA on 18 December 2018. The accounting and statutory records prior to 18 December 2017 were not adequate to permit the application of necessary audit procedures. As such, we are unable to obtain all the information and explanations we require to determine whether adjustments to the results of operations and opening accumulated losses might be necessary as at 1 July 2018.

Accordingly, we do not express a conclusion on the opening balances of equity as at 1 July 2018. Our conclusion on the comparative period's financial report is also modified because of the possible effect of this matter on the comparative period's statement of profit or loss and other comprehensive income and statement of cash flows.

**Qualified Conclusion**

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion section of our report, we have not become aware of any matter that makes us believe that the half-year financial report of Azure Health Technology Limited is not in accordance with the Corporations Act 2001 including:

- i. giving a true and fair view of Azure Health Technology Limited's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

**Material Uncertainty Related to Going Concern**

Without further modifying our conclusion, we draw attention to Note 1(a) in the financial report which indicates that the company had incurred a net loss of \$722,939 during the half-year ended 31 December 2019 and as of that date, the company's current liabilities exceeded its current assets by \$949,274. As stated in Note 1(a), these events or conditions, along with other matters as set forth in Note 1(a) indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000

**DREW TOWNSEND**

Partner

Dated: 27 February 2020