Beauty Health Group Limited
(formerly known as HLI Limited)
(subject to deed of company arrangement)

ACN 009 085 974

ANNUAL REPORT 2012

Beauty Health Group Limited
(formerly known as HLI Limited)
(subject to deed of company arrangement)

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ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

INDEX

COMPANY PARTICULARS

Board of Directors

Mr Constantine Andrew Scrinis (appointed on 6 December 2011)
Mr Gregory John Wood (appointed on 6 December 2011)
Mr Hemant Amin (appointed on 22 May 2014)

Company Secretary

Mr Constantine Andrew Scrinis

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Registered & Principal Office

24 Palmerston Road West,
Ringwood VIC - 3134

Telephone: (03) 9845 8300
Facsimile: (03) 9429 8373

Share Registry

Boardroom Pty Limited ABN: 14 003 209 836
Level 8, 446 Collins Street
Melbourne VIC 3000

Telephone: 1300 737 760
Facsimile: (03) 9627 9930

DIRECTORS' REPORT

Your directors present the following report for the financial year ended 30 June 2012.

Directors

The names and details of the Company's directors at the date of this report are as follows.

Mr Constantine Andrew Scrinis – appointed on 6 December 2011

Constantine was the founder and managing director of commercial and industrial manufacturer Moonlighting Pty Limited, a business which was acquired by Gerard Lighting Pty Limited in February 2004. Constantine then established and was joint managing director of publicly listed Traffic Technologies Limited (TTI) until his resignation in August 2007. To that time Constantine played a dominant role in building up TTI to become Australia's largest traffic products company with about $100m in annual revenues.

Mr Gregory John Wood – appointed on 6 December 2011

Greg Wood has an extensive history in the corporate advisory, merchant banking and financial services industries. He is currently Managing Director of K S Capital Pty Limited, licensed dealer in securities, and specialises in capital raisings, mergers and acquisition advice, public company takeovers and financial reconstructions. Mr Wood is a Chartered Accountant by background.

Mr Hemant Amin - appointed on 22 May 2014

Hemant Amin is a certified practicing accountant.

Hemant has over 25 years of accounting and business experience and has worked for both large multinational/ public companies as well as smaller family owned operations. Hemant now works as a management consultant. His most recent role was as CFO to Stokes Limited, before that as a CFO of The Traffic Group.

Following directors were in office in office during the financial year

Ian Smith – resigned on 6 December 2011

Karen Matthews – resigned on 6 December 2011

Pierce Cody – resigned on 6 December 2011

Mr Carey Peter Stynes – Appointed 6 December 2011 resigned 22 May 2014

Company Secretary

Mr Constantine Andrew Scrinis – appointed on 6 December 2011

DIRECTORS' REPORT (CONT'D)

Directors' interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows, including beneficial or related party interest:

Directors	No of Ordinary Shares	No. of Options over Ordinary Shares
Mr Constantine Andrew Scrinis	300,070	Nil
Mr Gregory John Wood	75,018	Nil
Mr Hemant Amin	Nil	Nil

Directors meetings

There were no directors' and committee meetings held in the financial year.

Unissued shares under option

There were no unissued ordinary shares of the Company under option at the date of this report.

Shares issued on exercise of options

No shares have been issued on the exercise of options during the financial year.

Dividends paid or recommended

There were no dividends paid or declared by the Company during the financial year.

Principal Activities

The Company did not carry out any major business activities during the year apart from recapitalising the business to give effect to the Deed of Company Arrangement and identifying suitable acquisitions.

Review of Operations and Significant changes in state of affairs

The financial result for the year ended 30 June 2012 was a profit $1,719,865 (2011: loss of $1,220,605) resulting from a transfer of net liabilities to the Deed Administrator.

On 8 August 2011, John Vouris and Bradley Tonks of Lawler Partners were appointed as joint and several administrator of Beauty Health Group Limited by resolution of the board, at the date of the Company going into Administration with outstanding liabilities of $2,197,220 payable to creditors.

At a meeting of creditors held on 15 November 2011, the creditors approved a recapitalisation proposal ("Recapitalisation Proposal") by Boom Capital Pty Limited and its nominees (hereafter collectively referred to as "Boom Capital") and resolved that the Company execute a Deed of Company Arrangement ("DOCA").

On 6 December 2011 the DOCA was executed and $200,000 was to be paid to the Deed Administrator to settle and satisfy costs and creditors claims against the Company.

DIRECTORS' REPORT (CONT'D)

At a meeting of the Shareholders held on 16 November 2012, Shareholders approved the following:

- recapitalisation of the Company and the issue of 600,140 new shares in the capital of the Company to Boom Capital Pty Limited and its nominees

- Appointment of new Directors, Mr. Constantine Andrew Scrinis, Mr. Gregory John Wood and Mr. Cary Stynes.

After Balance Sheet Date events

On 7 December 2012, the company came out of Administration on payment of the required $200,000 under the DOCA to the Deed Administrator.

On 14 April 2013, Beauty Health Group Limited issued 128,598 ordinary shares at the issue price of $0.33 to raise $42,856 to provide working capital for the Company.

On 21 November 2013, the company announced that the DOCA which was executed on 6 December 2011 had been wholly effectuated.

On 16 March 2015, the Company announced its intention to enter into the online social gaming and wagering sector through the proposed acquisition of 100% of the TopBetta Group of companies from Australian social media company OM Group Holdings Pty Ltd. The Company also proposes to undertake a $5 million capital raising and subject to satisfying the requirements of ASX and ASIC will seek to have its shares re- quoted on ASX in mid 2015.

On 17 March 2015 the Company issued 147,000 fully paid ordinary shares at an issue price of $1.00 per Share to raise $147,000 by way of a placement to sophisticated investors.

Apart from matters stated above since the end of financial year 30 June 2011, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affairs of the Company in future financial periods.

REMUNERATION REPORT

This Remuneration Report (The Report) has been prepared in accordance company available remuneration records which may not be complete or accurate.

The remuneration report is set out under the following headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Share based payments
D Equity Holdings

A Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency
- capital management

The remuneration structure for Key Management Personnel (KMP) including Directors, company secretary and senior managers is based on the following factors:

- experience of the individual concerned
- the overall performance of the market in which the company operates
- the overall performance of the Company

B Details of remuneration

Remuneration levels are set by the company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

The company has not engaged a remuneration consultant. There is no formal contract of employment for the executives of the Company. Whilst there is no formal contract of employment, standard employment conditions apply.

Key Management Personnel emoluments

The key management personnel of the company were the directors of the company. The Company did not pay any remuneration to any director during the year ended 30 June 2012.

2011	**Salary and fees** $	**Superannuation** $	**Total** $
Karen Matthews *	275,000	22,500	297,500
Pierce Cody *	27,975	-	27,975
Total	302,975	22,500	325,475

* Both Karen Mathews and Pierce Cody resigned on 6 December 2011

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

C Share-based compensation

No options or ordinary shares were provided as remuneration during the financial year and no shares were issued on exercise of options issued during the year.

D Equity Holdings

During the financial year ended 30 June 2012 no KMP held ordinary shares or options to acquire ordinary shares in the company.

End of remuneration report

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Therefore, this information has not been presented in this report.

Proceedings on behalf of the Company

No proceedings have been entered into on behalf of the Company.

Environmental issues

There are no environmental issues that affect the Company.

Non-audit services

No remuneration was paid or is payable to the auditor for non-audit services.

Auditor's independence declaration

The Auditors Independence Declaration for the year ended 30 June 2012 has been received and can be found on page 18 of the financial report.

Insurance of officers

During the financial year, Beauty Health Group Limited did not hold any insurance for the directors, secretaries and officers of the Group.

Signed in accordance with a resolution of directors:

Director : Constantine Andrew Scrinis
Melbourne, 23 June 2015

Corporate governance statement

The Company's corporate governance framework has been formulated in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in 2007 (ASX Recommendations). The Company's framework largely complies with these recommendations. Consistent with the Company's approach to sound corporate governance, opportunities for improvement are regularly considered.

Day-to-day management of the affairs of the Company are delegated by the Board to the Chief Executive Officer and senior executives. The Directors are responsible to shareholders for the performance of the Company and their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. The main processes that the directors of the Company use in doing so are set out in this statement.

Principle 1: Lay solid foundations for management and oversight

The Director's must act in the best interest of the Company and in general are responsible for, and has the authority to determine, all matters relating to the policies, management and operations of the Company.

Recommendation 1.1 – Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The Board's responsibilities, in summary, include:

- providing strategic direction and reviewing and approving corporate strategic initiatives;
- overseeing and monitoring organizational performance and the achievement of the company's strategic goals and objectives;
- appointing, monitoring the performance of, and, if necessary, removing the Managing Director;
- ratifying the appointment and/or removal, and contributing to the performance assessment of the members of the senior management team;
- planning for Board and executive succession;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- adopting an annual budget and monitoring management and financial performance and plans;
- monitoring the adequacy, appropriateness and operation of internal controls;
- identifying significant business risks and reviewing how they are managed;
- considering and approving the Company's Annual Financial Report and the interim and final financial statements;
- enhancing and protecting the reputation of the Company;
- reporting to, and communicating with, shareholders; and
- setting business standards and standards for social and ethical practices.

Principle 1: Lay solid foundations for management and oversight (cont'd)

Day to day management of the Company and implementation of Board policies and strategies has been formally delegated to management and senior executives. It is responsibility of the Board to oversee the activities of management in carrying out delegated tasks. The Board has delegated to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing the Company's annual budget, recommending it to the Board for approval and managing day to day operations within the budget;
- managing day to day operations in accordance with the standards for social and ethical practices which have been set by the Board;
- making recommendations for the appointment of senior management, determining terms of appointment, evaluating performance, and developing and maintaining succession plans for senior management roles.

Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives

Performance of senior executives is constantly reviewed by the Board as part of the ordinary course of meetings of the Directors. The Company has acquired a human resources tool kit from a human resources consultancy and has employed this to manage the performance of senior executives. The tool kit includes written job descriptions and half yearly and yearly performance management appraisals.

There have been no departures from Principle 1 during the year ending 30 June 2011.

Principle 2: Structure the board to add value

The skills, experience and expertise relevant to the position of director and period of office held by each director is disclosed within the directors' report of the Company's Annual Report. Each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertaking in order to fulfil their duties and responsibilities as directors.

Recommendation 2.1 – A majority of the board should be independent directors

In accordance with the company's corporate governance charter, the company will continue to search for suitable independent non-executives to join the board.

Recommendation 2.2 – The chair should be an independent director; and
Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual

In accordance with the company's corporate governance charter, the company will continue to search for a suitable independent Chairman to join the board.

Principle 2: Structure the board to add value (cont'd)

Recommendation 2.4 – The board should establish a nomination committee

The Company does not presently have a nomination committee. Due to the size and nature of the activities of the Company, the nomination of new directors is conducted by the board by way of ongoing review and discussion in relation to experience deficiencies that may exist within the existing board structure.

Recommendation 2.5 – The Company should disclose the process for evaluating the performance of the board, its committees and individual directors

The performance of the board is reviewed as part of the ordinary course of meetings of the directors. All directors have unrestricted access to company records and information and receive regular detailed financial and operational reports from executive management to enable them to carry out their duties. The Board has a policy which enables the Board and each of the directors to seek independent professional advice for matters related to the Company at the Company's expense, upon approval by the Chairman, to help them carry out their responsibilities.

Principle 3: Promote ethical and responsible decision making

As part of the Board's commitment to the highest standard of conduct, the company adopts a code of conduct to guide management and employees in carrying out their duties and responsibilities as follows.

Recommendation 3.1 – The Company should establish a code of conduct and disclose the code

The Company has a corporate code of conduct which applies to all directors, executives, management and employees. The code has been designed to maintain confidence in the Company's integrity and sets out the responsibility and accountability for reporting and investigating reports of unethical practices. The code governs human resource and workplace practices, conflicts of interest, confidentiality and privacy of personal information, risk management and legal compliance. The code of conduct is intended to help directors and staff to understand their responsibilities and uphold the Company's goals and values.

All directors, executives, employees and consultants of the company have the following duties:

- To act honestly, fairly and without prejudice in all commercial dealings and to conduct business with professional courtesy and integrity
- To use the powers of their office for a proper purpose and in the best interest of the company
- To comply with letter and spirit of the law and with the principles of this Code
- Not to knowingly make any misleading statements to any person or to be a party to any improper practice in relation to dealings with or by the company
- To ensure that the company's resources and property are used properly and
- Not to disclose information or documents relating to the company or its business, other than as required by law, not to make any unauthorised public comment on the company's affairs and not to misuse any information about the company or its associates.

Principle 3: Promote ethical and responsible decision making (cont'd)

The board endeavours to ensure that the directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Specifically, that directors, officers and employees must:

- Comply with the law
- Act in the best interests of the company
- Be responsible and accountable for their actions, and
- Observe the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

Recommendation 3.2 – The Company should establish a policy concerning trading in company securities and disclose a summary of that policy

The company's policy regarding directors and employees trading in its securities is set by the board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

The company has set the following windows for trading in the Company's securities by the directors and senior executives, being between two and thirty two days following:

- The release to the Australia Stock Exchange of the company's preliminary full year financial statements
- The release to the Australian Stock Exchange of the company's half year financial statements
- The date on which the Company holds its annual general meeting and
- The initial quotation of the company's shares on the Australian Stock Exchange.

  Outside of these windows, no trading can occur

There have been no departures from this policy during the year ending 30 June 2011.

Principle 4: Safeguard integrity in financial reporting

The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Recommendation 4.1 – The board should establish an audit committee

The Audit, Finance and Risk Committee is responsible for the appointment and/or removal of the external auditor. The Committee reviews the performance of the external auditors and reviews Company policy on maintaining independence of the external auditor. In addition the Committee assesses whether it is satisfied that the independence of the external auditor has been maintained, having regard to the provision of non-audit services. The auditor has been invited to attend this year's Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.

Principle 4: Safeguard integrity in financial reporting (cont'd)

The skills, experience, expertise and attendance relevant to the members of the audit committee is disclosed within the directors' report of the Company's Annual Report.

Recommendation 4.2 – The audit committee should be structured so that it: (i) consists only of non-executive directors, (ii) consists of a majority of non-executive directors; (iii) is chaired by an independent chair, who is not the chair of the board; and (iv) has at least three members; and
Recommendation 4.3 – The audit committee should have a formal charter

Given the status of the company and that there are no non-executive directors, the company does not have an audit committee. Consequently, the audit committee is not governed by a formal charter.

Principle 5: Make timely and balanced disclosure

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. Shareholders are encouraged to participate in general meetings.

Recommendation 5.1 – The Company should put in place mechanisms designed to ensure compliance with the ASX Listing Rule requirements.

Due to the size and nature of the company, the Board has not currently adopted a formal disclosure policy. However the company has the following principles in place:

- Communications by the Company will be factual and subject to internal vetting and authorisation before issue
- Announcements will be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions
- The Company will not endorse reports on its operations prepared by third parties
- The Company will not respond to speculation and rumour except as required by the ASX
- The CEO and Company Secretary have been appointed as the persons responsible for communications with the ASX
- The Board is responsible for ensuring the compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX
- All material will be lodged as soon as practicable with the ASX
- No undisclosed price sensitive information will be disclosed in any analyst meeting

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – The Company should design a communications policy for promoting effective communication with shareholders.

The Board and the Company Secretary are responsible for the communications strategy to promote effective communications with shareholders and encourage effective participation at general meeting. The company adheres to best practice in its preparation of Notices of Meetings to ensure all shareholders are fully informed. Due to the size of the company, all communications are prepared and administered in-house.

The Company actively encourages communications with their shareholders and have made available all forms of contact; phone, email, facsimile and post details.

Principle 6: Respect the rights of shareholders (cont'd)

The company's Half and Full Year Reports are a significant mean of communicating to shareholders the Company's activities, operations and performance over the past financial year. In accordance with the Company's disclosure principles, these are publicly available on the ASX website.

There have been no departures from Principle 6 during the year ending 30 June 2012.

Principle 7: Recognise and manage risk

A range of factors and risks, some of which are beyond the Company's control, can influence performance. Managing risk is central to the Company's business. The Company has in place a range of procedures to identify, assess and control risks by the Board, periodically.

Recommendation 7.1 – The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Board is responsible for oversight of the company's management's system of internal controls. The Board constantly monitors the operation and financial aspects of company activities and considers the recommendations and advice of external auditors and other external advisers on the operations and financial risks that face the company.

The Board ensures that recommendations made by the external auditors and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment and training of suitably qualified and experienced personnel.

There is currently no formal Risk Management Statement.

Recommendation 7.2 – The Company should require management to design and implement a risk management and internal control system to manage the Company's material business risks.

The Board has adopted and implemented a strict risk management policy for its members, senior executives and management team. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures. Executive management is responsible for implementing the board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Company recognizes four main types of Risk:

- Market risk, which relates to the risk to earnings from changes in market conditions including economic activity, interest rates, investor sentiment and world events;
- Operational risk, which relates to inadequacy of or a failure of internal processes, people or systems or from external events;
- Credit risk, which relates to the risk that the other party to a transaction will not honour their obligation; and
- Regulatory risk, which relates to the risk that there may be changes to legislation (including but not limited to laws which relate to corporations and taxation) in the future which restricts or limits in some way the Company's activities.

Principle 7: Recognise and manage risk (cont'd)

Recommendation 7.3 – The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company obtains statements from its chief executive officer and chief financial officer that:

- the Company's financial reports present a true and fair view in all material respects, of the company's financial condition and operational results are in accordance with the relevant accounting standards. Furthermore, the board of directors does, in its role, state to shareholders in the Company's accounts that they are true and fair, in all material respects
- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements policies adopted by the board
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

There have been no departures from Principle 7 during the year ending 30 June 2012. The Board believes the company's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a Company of Beauty Health Group size and nature. The Board will continue to monitor this aspect of the company closely, and will cause to be developed a comprehensive Risk Management Process and Policy document, additional to the material outlined above.

Principle 8: Remunerate fairly and responsible

Recommendation 8.1 – The board should establish a remuneration committee

Due to the size and nature of the Company, the Board has not yet established a remuneration committee. As a result, the functions ordinarily undertaken by a remuneration committee are undertaken by the Board.

Recommendation 8.2 – The Company should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company distinguished between the structure of non-executive directors' remuneration and that of executive directors and senior executives. Currently, there are no non-executive directors. However, previously non-executive directors were paid partly in cash and partly by options under the DESOP (refer note 15). Non-executive directors previously have deferred payment of their cash component until such time that the company is in a position to make such payments.

Since the resignation of the non-exec directors on 1 June 2009, the company has distinguished the payment for executive and non-executive work by granting shares for board work, subject to the consent of shareholders, and making cash payment for executive work.

The Company does not have any scheme for retirement benefits, other than statutory superannuation, for any directors.

Further information on director's and executive's remuneration, including principles used to determine remuneration, is set out in the director's report under the heading "Remuneration Report".

The Board is aware of the Principles of Good Corporate Governance and Best Practice Recommendations, and will continue to work towards full adoption of the recommendations in line with growth and development of the company in the years ahead.

Checklist summarising the best practice recommendations and our compliance as at the reporting date

	ASX Principle	Compliance
	Principle 1: Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	Comply
	Principle 2: Structure the Board to add value	
2.1	A majority of the board should be independent directors	Do not comply
2.2	The chair should be an independent director	Do not comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Do not comply
2.4	The board should establish a nomination committee	Do not comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	Comply
	Principle 3: Promote ethical and responsible decision making	
3.1	Companies should establish a code of conduct and disclose the code	Comply
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	Comply
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Comply
	Principle 4: Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee	Do not comply
4.2	The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair, who is not chair of the board, has at least three members.	Do not comply
4.3	The audit committee should have a formal charter	Do not comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Comply
	Principle 5: Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Comply

Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Comply
Principle 7: Recognise and manage risk		
7.1	The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Do not comply
7.2	The Company should require management to design and implement a risk management and internal control system to manage the Company's material business risks	Do not comply
7.3	The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Comply
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	Do not comply
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Comply
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	Comply

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Beauty Health Group Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beauty Health Group Limited.

Perth, Western Australia
23 June 2015

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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BEAUTY HEALTH GROUP LIMITED
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue from operating activities		-	-
Other revenue	2	-	1,378
Consulting & Other fees		-	(413,072)
Other expenses from ordinary activities		(26,993)	(659,985)
ASX fees		-	(28,119)
Share registry fees		-	(29,526)
Audit fees	16	-	(23,500)
Depreciation		(3,846)	(773)
Finance costs		-	(67,008)
Loss before transfer of net liabilities to Deed Administrator		**(30,839)**	**(1,220,605)**
Gain on transfer of net liabilities to Deed Administrator	3	1,750,704	-
Profit/(loss) before income tax		**1,719,865**	**(1,220,605)**
Income Tax	4	-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**1,719,865**	**(1,220,605)**
Total Profit/(Loss) and comprehensive income/(loss) for the year attributable to the Company		**1,719,865**	**(1,220,605)**
Loss per share for loss			
Basic and diluted earnings per share	12	6.69	(4.75)

The above Statement of Comprehensive Income should to be read in conjunction with the attached notes.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $
CURRENT ASSETS			
Cash and cash equivalents	5	-	25,799
TOTAL CURRENT ASSETS		**-**	**25,799**
NON CURRENT ASSETS			
Receivable from The Beauty Spa Co	6	-	244,422
Plant and equipment	7	-	3,846
TOTAL NON CURRENT ASSETS		**-**	**248,268**
TOTAL ASSETS		**-**	**274,067**
CURRENT LIABILITIES			
Trade and other payables	8	200,000	847,169
Borrowings	9	-	1,346,763
TOTAL LIABILITIES		**200,000**	**2,193,932**
NET ASSETS / (LIABILITIES)		**(200,000)**	**(1, 919,865)**
EQUITY			
Contributed equity	10	30,430,065	30,430,065
Accumulated losses		(30,630,065)	(32,349,930)
TOTAL EQUITY		**(200,000)**	**(1,919,865)**

The above Statement of Financial Position should be read in conjunction with the attached notes.

BEAUTY HEALTH GROUP LIMITED
(formerly known as HLI Limited)
(subject to deed of company arrangement)
ACN 009 085 974

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Ordinary Share Capital $	Accumulated Losses $	Total $
Balance at 1 July 2010	**30,430,065**	**(31,129,325)**	**(699,260)**
Loss attributable to members of parent entity	-	(1,220,605)	(1,220,605)
Balance at 30 June 2011	**30,430,065**	**(32,349,930)**	**(1,919,865)**
Balance at 1 July 2011	**30,430,065**	**(32,349,930)**	**(1,919,865)**
Loss attributable to members of parent entity	-	1,719,865	1,719,865
Balance at 30 June 2012	**30,430,065**	**(30,630,065)**	**(200,000)**

The Statement of Changes in Equity should be read in conjunction with the attached notes.

BEAUTY HEALTH GROUP LIMITED
(formerly known as HLI Limited)
(subject to deed of company arrangement)
ACN 009 085 974

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	**2011 $**	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(25,799)	(769,330)
Interest received		-	1,378
Net cash used in operating activities	**13(b)**	**(25,799)**	**(767,952)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	(2,365)
Net cash (used in)/provided by investing activities		**-**	**(2,365)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	927,826
Loan to The Beauty Spa Company		-	(145,422)
Net cash provided by/(used in) financing activities		**-**	**192,128**
Net (decrease)/increase in cash and cash equivalents		(25,799)	12,087
Cash and cash equivalents at beginning of year		25,799	13,712
Cash and cash equivalents at end of year	**5**	**-**	**25,799**

The Statement of Cash Flows should be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis f preparation

INTRODUCTION

The financial report covers Beauty Health Group Limited (formerly known as HLI Limited, Subject to Deed of Company Arrangement) (the "Company"). The Company is a listed public company incorporated and domiciled in Australia. The Company is a for-profit entity.

Currency

The financial report is presented in Australian currency. The functional currency of Beauty Health Group Limited, the parent entity, is Australian dollars.

Authorisation of financial report

The financial report was authorised for issue by the directors on 23 June 2015.This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Act 2001. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Basis of accounting
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

New, revised or amending Accounting Standards and Interpretation adopted

The Company has adopted all of the new, revised or amending Accounting Standards, ("AASB") that are mandatory for the current reporting period. Those that are not yet mandatory have not yet been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and interpretations did not have any impact on the financial performance or position of the Company. The following Accounting Standards and Interpretations are most relevant to the entity:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

New, revised or amending Accounting Standards and Interpretation adopted (cont'd)

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The Company has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The Company entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)

The Company has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

AASB 1054 Australian Additional Disclosures

The Company has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project.

The Company has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

b. Going concern

Notwithstanding the fact that the company has a working capital deficit at balance date of $200,000 (2011: $2,168,133), the directors are of the opinion that the company is a going concern based on the following.

On 8 August 2011, John Vouris and Bradley Tonks of Lawler Partners were appointed as joint and several administrator of Beauty Health Group Limited by resolution of the board, at the date of the Company going into Administration with outstanding liabilities of $2,197,220 payable to creditors.

At a meeting of creditors held on 15 November 2011, the creditors approved a recapitalisation proposal ("Recapitalisation Proposal") by Boom Capital Pty Limited and its nominees (hereafter collectively referred to as "Boom Capital") and resolved that the Company execute a Deed of Company Arrangement ("DOCA").

On 6 December 2011 the DOCA was executed and $200,000 was to be paid to the Deed Administrator to settle and satisfy costs and creditors' claims against the Company.

On 7 December 2012, the company came out of Administration on payment of the required $200,000 under the DOCA to the Deed Administrator.

On 14 April 2013, Beauty Health Group Limited issued 128,598 ordinary shares at the issue price of $0.33 to raise $42,856 to provide working capital for the Company.

On 21 November 2013, the company announced that the DOCA which was executed on 6 December 2011 had been wholly effectuated.

On 16 March 2015, the Company announced its intention to enter into the online social gaming and wagering sector through the proposed acquisition of 100% of the TopBetta Group of companies from Australian social media company OM Group Holdings Pty Ltd. The Company also proposes to undertake a $5 million capital raising and subject to satisfying the requirements of ASX and ASIC will seek to have its shares re- quoted on ASX in mid 2015

On 17 March 2015 the Company issued 147,000 fully paid ordinary shares at an issue price of $1.00 per Share to raise $147,000 by way of a placement to sophisticated investors.

An undertaking has been received in writing from a major shareholder of the Company to provide additional funds to assist in meeting its financial commitments if required.

There are a number of inherent uncertainties relating to the company's future plans including but not limited to:

- The company's shares are currently suspended;
- There is doubt as to whether the company will be able to raise equity in this current market; and
- There is doubt as to whether the company would be able to secure any other sources of funding.

Accordingly, there is a material uncertainty that may cast significant doubt whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be able to maintain sufficient cash to fund ongoing working capital needs from the date of these financial statements. Accordingly, the financial report has been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

c. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

The new standard, AASB 8, requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Company was not trading during the financial year ended 30 June 2012 and also during last financial year ended 30 June 2011, hence there is no information on operating segments provided in this report.

d. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from strata management, legal services and funds management are recognised over the respective periods to which the service was performed as well as expenses incurred on behalf of customers. Revenue from the rendering of other services is recognised upon the delivery of the service to the customers. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax.

e. Taxation

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

f. Leases

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

g. Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

h. Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

j. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the Statement of Comprehensive Income in other expenses.

k. Investment in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the Company's share of post-acquisition reserves of its associates.

l. Financial assets and liabilities

Recognition

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes party to the contractual provisions of the financial instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Subsequent to initial recognition these instruments are recognised below.

Financial assets at fair value through profit and loss

Upon initial recognition a financial asset is designated as at fair value through profit or loss if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. A gain or loss arising from a change in the fair value of a financial asset or financial liability (classified as at fair value) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

l. Financial assets and liabilities (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest method.

Held-to-maturity investments

These investments have fixed maturities, and it's the Company's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include other financial assets, comprising investments in subsidiaries, not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

m. Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated over their useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

m. Property, plant and equipment (cont'd)

estimated useful life of the improvements.

The depreciation method and rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Method	Depreciation Rate
Office equipment	Diminishing cost and straight-line	20%

n. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Employee benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

p. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

q. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

r. Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

t. Contingent liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

v. Comparative figures

Where required by accounting standards, the reclassification of comparatives has been performed in order to conform to the changes in presentation for the current financial year.

u. New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretation that have mandatory application for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and there impact on the Company follows:

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2011-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures .

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

u. New accounting standards for application in future periods (cont'd)

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value.

This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the Company.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by

AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the Company.

These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on certain prescribed basis. The changes are not expected to impact the Company's annual report disclosures in any material way.
The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

These amendments are applicable to annual reporting periods beginning on or after 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The adoption of the revised standard from 1 July 2012 will impact the Company's presentation of its statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. REVENUE

	2012 $	2011 $
(a) Revenue from services or sale of goods	-	-
(b) Other Revenue:		
Interest revenue from other persons	-	1,378
	-	1,378

3. GAIN ON TRANSFER OF NET LIABILITIES TO DEED ADMINISTRATOR

On 8 August 2011, John Vouris and Bradley Tonks of Lawler Partners were appointed as joint and several administrator of Beauty Health Group Limited by resolution of the board. On execution of DOCA on 6 December 2011 following assets and liabilities of the companies were transferred to Deed Administration to settle and satisfy costs and creditors' claims against the Company.

Transfer of cash balance to Deed Administrator	(2,093)	-
Transfer of receivable to Deed Administrator	(244,422)	-
Transfer of payable to Deed Administrator	850,456	-
Transfer of unsecured loans to Deed Administrator	1,346,763	-
Amount to be paid to the Deed Administrator to satisfy costs and creditors claims against the Company.	(200,000)	-
Gain on transfer of net liabilities	1,750,704	-

4. TAXATION

The components of income tax expense are:

Current tax	-	-
Deferred tax charge	-	-
Income tax expense reported in Statement of Comprehensive Income	-	-

Prima facie tax on profit/ (loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Profit/ (loss) before income tax	1,719,865	(1,220,605)
Income tax expense at 30%	515,960	(366,182)
Income tax benefit not brought to account on losses in the year	-	366,182
Non-assessable income	(515,960)	-
Income tax expense	-	-

As a result of the Company going into voluntary administration and changes in ownership there are no losses available to be carried forward from prior years. The potential deferred tax assets arising from current year tax losses has not been brought to account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

5. CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank in trust on behalf of the company	-	25,799
	-	25,799

6. TRADE AND OTHER RECEIVABLE

NON CURRENT		
Other receivable	-	244,422
	-	244,422

7. PLANT AND EQUIPEMENT

Equipment	-	3,846
	-	3,846

8. TRADE AND OTHER PAYABLE

CURRENT		
Trade payable	-	847,169
Payable to Deed Administrator as per DOCA	200,000	-
	200,000	847,169

9. BORROWINGS

CURRENT		
Unsecured		
Non-interest bearing loan	-	1,346,763
	-	1,346,763

10. CONTRIBUTED EQUITY

(a) Fully paid ordinary shares	30,430,065	30,430,065
(b) Movement in shares on issue	Number	Number
Opening balance	257,203	257,203
	257,203	257,203

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

11. DIVIDENDS

There were no dividends proposed or paid by the Company during the financial year or in the previous financial year.

	2012	2011
	$	$
Franking credits available for subsequent years	887,159	887,159

12. EARNINGS PER SHARE

The following securities have been classified as ordinary shares and included in basic earnings per share:

	2012	2011
	$	$
Net profit/(loss) used in calculating earnings per share	1,719,865	(1,220,605)
Weighted average number of shares	Number	Number
Number for basic and diluted earnings/(loss) per share	257,203	257,203
Profit/(Loss) per share	6.69	(4.75)

13. NOTES TO THE STATEMENT OF CASH FLOWS

a) For the purpose of the statements of cash flows, cash includes cash on hand and at bank on short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2012	2011
	$	$
Cash and cash equivalents (Note 5)	25,799	25,799

b) Reconciliation of cash flow from operations with operating profit after income tax:

Profit / (loss) after income tax	1,719,865	(1,220,605)
Non-cash flows in (loss)/profit:		
Depreciation	3,846	773
Changes in asset and liabilities:		
Increase in trade and other payables	1,194	384,872
Unpaid interest	-	67,008
Gain on transfer of net liabilities to Deed Administrator	(1,750,704)	-
Cash flow from operations	(25,799)	(767,952)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14. KEY MANAGEMENT PERSONNEL DISCLOSURE

The Company did not pay any remuneration to any director during the financial year ended 30 June 2012.

a) *Key management personnel compensation*

	2012 $	2011 $
Short-term employee benefits	-	302,975
Post-employments benefits	-	22,500
	-	325,475

Detailed remuneration disclosures are provided in sections A-D of the remuneration report on pages 7.

No options were held by key management personnel at 30 June 2012.

15. RELATED PARTY TRANSACTIONS

There were no related party transactions to report.

16. AUDITORS' REMUNERATION

	2012 $	2011 $
Audit services:		
Auditors of the Company – for the audit and review of the financial reports:		
HLB Mann Judd	-	23,500
	-	23,500

17. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits and borrowing. These activities expose the Company to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Directors manage the different types of risks to which it is exposed by considering risk and monitoring levels of exposure to interest rate and foreign exchange risk and by being aware of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through general business budgets and forecasts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17. FINANCIAL RISK MANAGEMENT (continued)

The company had the following financial instruments:

	2012 $	2011 $
Financial assets		
Cash and cash equivalents	-	25,799
Other receivable	-	242,422
Total Financial assets	-	270,221
Financial liabilities		
Trade and other payables	200,000	847,169
Borrowings non-interest bearing	-	1,346,763
Total Financial liabilities	200,000	2,193,932

The fair value of financial assets and liabilities at balance date approximates their carrying amount.

Market risk

Foreign exchange risk

The Company does not have any direct material foreign exchange risk as commercial transactions and recognized financial assets and liabilities are all in Australian currency.

Price risk
The Company does not have any direct material market or commodity price risk relating to its financial assets or liabilities.

Cash flow and fair value interest rate risk
The Company's main interest rate risk arose from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate financial assets and liabilities outstanding:

	Weighted Average Interest Rate %	2012 $	Weighted Average Interest Rate %	2011 $
Cash and cash equivalents	-	-		25,799
Other Receivable		-		244,422
Trade payables		(200,000)		(847,169)
Borrowings non-interest bearing	-	-		(1,346,763)
Net exposure		(200,000)		(1,923,711)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

16. FINANCIAL RISK MANAGEMENT (continued)

The Company managed its cash flow interest rate risk by constantly analysing its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, interest rate swaps and a mix of fixed and variable interest rates.

The Convertible notes issued carry a 0% interest rate per annum and therefore the Company is not exposed to any material interest rate movements. For the previous financial year ended 30 June 2010, the impact of interest movements on equity and profit before tax was $12,349 higher/lower had changed by +/- 100 basis points from the year-end rates with all other variables held constant.

Credit risk

Credit risk arises from cash and cash equivalents and receivables. The credit risk on financial assets which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions. The Company has policies in place for deposit transactions for such transactions to be conducted with financial institutions with a minimum credit rating. There were no receivables at year end thus there was no credit risk.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to meet the ongoing operational requirements of the business. It is the Company's policy to maintain sufficient funds in cash and cash equivalents. Furthermore, the Company monitors its cash requirements on a continual basis.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated	Total Contractual Cash flows	Less than 6 months	6 - 12 months	1-2 years	2-5 years	Over 5 years
	$	$	$	$	$	$
2012 *						
Trade Payables	200,000	200,000	-	-	-	-
Borrowings	-	-	-	-		-
2011						
Trade Payables	847,169	847,169	-	-	-	-
Borrowings	1,346,763	1,346,763	-	-	-	-

*On execution of the DOCA, all existing liabilities of the Company were transferred to the Creditor Trust.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may reduce debts, adjust the amount of dividends paid to shareholders and return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings, trade and other payable as show on the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

3. EVENTS SUBSEQUENT TO REPORTING DATE

At a meeting of the Shareholders held on 16 November 2012, Shareholders approved the following:

- Recapitalisation of the Company and the issue of 600,140 new shares in the capital of the Company to Boom Capital Pty Limited and its nominees

- Appointment of new Directors, Mr. Constantine Andrew Scrinis, Mr. Gregory John Wood and Mr. Cary Stynes.

On 7 December 2012, the company came out of Administration on payment of the required $200,000 under the DOCA to the Deed Administrator.

On 14 April 2013, Beauty Health Group Limited issued 128,598 ordinary shares at the issue price of $0.33 to raise $42,856 to provide working capital for the Company.

On 21 November 2013, the company announced that the DOCA which was executed on 6 December 2011 had been wholly effectuated.

On 16 March 2015, the Company announced its intention to enter into the online social gaming and wagering sector through the proposed acquisition of 100% of the TopBetta Group of companies from Australian social media company OM Group Holdings Pty Ltd. The Company also proposes to undertake a $5 million capital raising and subject to satisfying the requirements of ASX and ASIC will seek to have its shares re- quoted on ASX in mid 2015

On 17 March 2015 the Company issued 147,000 fully paid ordinary shares at an issue price of $1.00 per Share to raise $147,000 by way of a placement to sophisticated investors.

Apart from matters stated above since the end of financial year 30 June 2012, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affairs of the Company in future financial periods.

DIRECTORS’ DECLARATION

The directors of Beauty Health Group Limited declare that:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Director : Constantine Andrew Scrinis
Melbourne, 23 June 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Beauty Health Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Beauty Health Group Limited ("the company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Beauty Health Group Limited.

Directors' responsibility for the financial report

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

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Disclaimer of Opinion

Administrators were appointed to the Company on 8 August 2011 and the Company remained in administration until 7 December 2012.

Due to the passage of time and the records maintained during the period in which the company was under Administration not being adequate to permit the application of necessary audit procedures we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

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Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the Remuneration Report

We have examined the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, in accordance with Australian Auditing Standards.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the remuneration report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
23 June 2015