

1. Company details

| | |
|-------------------|---------------------------------|
| Name of entity: | AHALife Holdings Limited |
| ABN: | 15 006 908 701 |
| Reporting period: | For the year ended 30 June 2016 |
| Previous period: | For the year ended 30 June 2015 |

2. Results for announcement to the market

During the reporting period, INT Corporation Limited (now renamed AHAlife Holdings Limited) ('the legal parent' or 'INTCorp') acquired AHAlife Holdings Inc. ('the legal subsidiary' or 'AHAlife'). The acquisition has been accounted for as a share-based payment and the principles of reverse acquisition have been applied.

As a result of the acquisition, the comparative information represents the results for AHAlife Holdings Inc only. The current year represents the consolidated entity comprising AHAlife for the entire year and INTCorp from 25 July 2015 to 30 June 2016.

| | | | US\$ |
|--|----|-----------------------|-----------------------|
| Revenues from ordinary activities | up | 113.3% to | 5,301,360 |
| Loss from ordinary activities after tax attributable to the owners of AHAlife Holdings Limited | up | 211.1% to | (14,766,291) |
| Loss for the year attributable to the owners of AHAlife Holdings Limited | up | 211.1% to | (14,766,291) |
| | | 2016 Cents | 2015 Cents |
| Basic earnings per share | | (9.53) | (4.91) |
| Diluted earnings per share | | (9.53) | (4.91) |

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to US\$14,766,291 (30 June 2015: US\$4,745,817).

The loss includes listing expenses of US\$6,324,041 (30 June 2015: US\$nil) of which US\$5,598,053 is a deemed, non-cash component.

Refer to Chairman and CEO's report accompanying this Appendix 4E for further commentary.

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|---|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 2.50 | (1.90) |

The net tangible assets per ordinary security is calculated based on 160,166,811 ordinary shares on issue as at 30 June 2016 and 96,693,677 ordinary shares that would have been in existence had the acquisition/group reorganisation occurred as at 30 June 2015.

4. Control gained over entities

On 25 July 2015, INT Corporation Limited (now renamed AHAlife Holdings Limited) acquired AHAlife Holdings Inc. For accounting purposes, the acquisition has been accounted for as a share-based payment and the principles of reverse acquisition have been applied, as noted in section 2 above.

5. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

7. Attachments

Details of attachments (if any):

The Annual Report of AHAlife Holdings Limited for the year ended 30 June 2016 is attached.

8. Signed



Signed _____

Date: 15 August 2016

Mike Hill
Chairman
Sydney

AHAlife Holdings Limited

(Formerly known as INT Corporation Limited)

ABN 15 006 908 701

Annual Report - 30 June 2016

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Dear Shareholders,

On behalf of the Board, we are pleased to report a period of significant accomplishments for AHAlife Holdings Limited ("AHA", ASX: AHL www.ahalife.com) during the financial year to June 2016. It has been a year of growth, acquisitions, optimization of our business model and strengthening our Board. The business is now well positioned to continue growing its revenue and progressively move toward achieving profitability.

AHA is a luxury online marketplace which connects discerning individuals seeking premium items with over 4,000 independent designers and artisans from all over the world. The business was founded in 2010 and operates a drop-ship model from its headquarters in Brooklyn, New York. Being a drop ship marketplace AHA avoids the costs and inherent supply chain risks of a traditional inventory retail model, and by focusing on the premium/luxury market AHA is also able to achieve high average order values of US\$180 and transaction margins of approximately 50%.

AHALife Holdings Inc. listed on the ASX in July 2015 by way of a reverse takeover of INT Corporation Ltd, with the listed entity being renamed 'AHAlife Holdings Ltd'. As part of this transaction the Company raised AUD\$20.4m for growth funding to be deployed through FY16 and into FY17.

Growth

In the twelve months to June 2016 the Company delivered Net Revenue growth of 113% on the prior year (US\$5.3million, FY15: US\$2.5million). In that same time AHA's registered user base increased more than 300% from 270,000 to over 1.1million. Brands on the site increased by 52% to over 4,000 and Gross Margin increased from 38.1% to 39.1%.

Acquisitions

AHA's scale and efficient proprietary technology provides the Company with an advantage over competitors who are burdened by high operating costs and the cost of managing an inventory model – two key elements in which AHA's business model differs. In recognition of this advantage, AHA has been open to build upon its organic growth by tactically reviewing inorganic opportunities that are complimentary and can be readily folded onto the AHA platform. As a result, AHA has been able to acquire the assets of Bezar.com and Kaufmann Mercantile on favourable terms over the last 12 months.



Bezar.com

In February 2016 AHA agreed to acquire a competitor marketplace – Bezar.com in exchange for 501,499 fully paid ordinary shares in AHL (equivalent to US\$200,000). The acquisition removed one of AHA's competitors and provided a boost to AHA's user growth of an additional 150,000 users. AHA remains on track to deliver approximately US\$0.5m in booked sales in its first twelve months from this acquisition.

K A U F M A N N
M E R C A N T I L E

Kaufmann Mercantile

Post balance date, AHA negotiated the acquisition of the assets of Kaufmann Mercantile, which represents another great complimentary business to AHA. The deal was closed in July 2016 with a consideration of 415,335 AHL fully paid ordinary shares. Being more developed than Bezar, Kaufmann Mercantile will retain its name and clean masculine identity on the AHA site (www.ahalife.com), and continue to focus on bringing grounded meaningful experiences into people's busy lives through high-quality products with timeless design. The acquisition delivered AHA a further 270,000 new users and approximately 300 new brands to be on-boarded into the AHAlife.com platform. Sebastian Kaufmann, the former CEO of Kaufmann has joined AHA to lead content and curation as our Chief Curation Officer further bolstering our senior management.

Optimisation

Over the past 12 months, AHA and its management have leveraged its proprietary technology platform to scale the luxury marketplace by deploying capital raised in July 2015 through data-driven testing of multiple strategies across multiple channels. This has included limited offline display and online channels; paid social, search, affiliates, display advertising; business development partnerships; email, SEO-driven organic, and via the mobile App. As a result of the learnings and investment over the last 12 months, the business is now better placed to target a more sustainable channel mix which will see a move away from certain unprofitable paid channels and is expected to drive the business towards sustainable profitable growth.

Through technology automation, efficiency improvements, and leveraging its volume with suppliers for pricing benefits, the business continues to optimise its cost structure, reducing overheads and distribution costs, thereby increasing individual transaction margins. The underlying cost base of the business has seen a step change improvement over the past financial year to the point where - subject to the Company maintaining budgeted levels of sales – management believe that break-even will be able to be achieved at a lower level of revenue than previously budgeted.

Outlook

Looking forward, management intend to focus significant energy on the merchandising levers within the business in order to retain the creative approach to our marketplace. A curated product offering is the nucleus of the business as it seeks to delight, entertain and reward the ever expanding customer base. Management are confident that the strategic initiatives and actions implemented during FY16 and those planned for FY17 will deliver further growth and improved profitability in FY17 and beyond.

On behalf of the Board we would like to thank all of our shareholders, staff, customers and suppliers for their ongoing loyalty and support.

Yours sincerely



Mr. Michael Hill
Non-Executive Chairman



Ms. Shauna Mei
Founder and Chief Executive Officer

15 August 2016



Mike Hill
Non-Executive Chairman



Shauna Mei
Founder and Chief Executive Officer



Sachin Devand
President and Chief Technology Officer



Michael Everett
Non-Executive Director



Christopher Colfer
Non-Executive Director



Stuart Halls
Chief Financial Officer



Andrew Whitten
Company Secretary

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of AHAlife Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

The following persons were directors of AHAlife Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|----------------------|----------------------------|
| Mike Hill - Chairman | |
| Shauna Mei | Appointed on 25 July 2015 |
| Sachin Devand | Appointed on 25 July 2015 |
| Michael Everett | |
| Christopher Colfer | Appointed on 24 March 2016 |
| Philip Kapp | Resigned on 25 July 2015 |
| Jonathan Pager | Resigned on 25 July 2015 |

Principal activity

During the financial year the principal continuing activity of the consolidated entity was the sale of luxury and designer lifestyle products online.

The consolidated entity is a digital marketplace for consumers of luxury items and designer products. The consolidated entity's 1.1 million users purchase items directly from a community of more than 3,800 handpicked designers and artisans in 45 countries utilising a network of over 70 curators around the globe. The consolidated entity's business model involves a drop-ship approach, allowing wholesalers to ship directly to customers.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to US\$14,766,291 (30 June 2015: US\$4,745,817).

The loss includes a listing expense of US\$6,324,041 (30 June 2015: US\$nil).

Acquisition of AHAlife Holdings Inc.

On 25 July 2015, INT Corporation Limited ('INTCorp') (now known as AHAlife Holdings Limited) acquired 100% of the share capital of AHAlife Holdings Inc. ('AHAlife'). The acquisition resulted in AHAlife's original shareholders holding a majority share in INTCorp.

The acquisition has been accounted for as a share-based payment and the principles of reverse acquisition have been applied. The current year results represents the consolidated entity comprising AHAlife for the entire year and INTCorp from 25 July 2015 to 30 June 2016. The comparative period results reflect AHAlife results only.

Refer to Chairman and CEO's report for further commentary on the review of operations.

Significant changes in the state of affairs

On 25 July 2015 INT Corporation Limited acquired AHAlife Holdings Inc. Refer to 'Review of operations' for further information on the acquisition.

On 27 July 2015, the company successfully completed a capital raising of US\$14,795,757 by issuing 45,188,895 ordinary shares.

On 27 July 2015, the company also changed its name from INT Corporation Limited to AHAlife Holdings Limited.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 21 July 2016, the consolidated entity agreed to acquire the assets of another business by the name of Kaufmann-Mercantile in exchange for 415,535 new fully paid ordinary shares will be issued in August 2016 to the vendors of Kaufmann Mercantile.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the consolidated entity and the expected results of those operations are contained in the Chairman and CEO's report.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

| | |
|--------------------------------------|---|
| Name: | Mike Hill |
| Title: | Non-Executive Chairman |
| Qualifications: | Member of the Institute of Chartered Accountants in Australia and New Zealand |
| Experience and expertise: | Mike has more than 20 years experience working on corporate and private equity transactions in Australia and the United Kingdom. He is a former partner of Ernst & Young in their Mergers and Acquisition team and in 2003 joined Ironbridge Capital, a leading Sydney based private equity firm with US\$1.2 billion of funds under management. Mike has worked as a senior member of the investment team at Ironbridge Capital for more than 10 years covering deal assessment, investment management and exit planning across a number of its portfolio companies. Mike has experience across numerous industries where he has served on company boards involved in the technology, retail, healthcare, media, waste services, tourism, hospitality and manufacturing sectors. His involvement with companies in these industries has been to work closely with founders and executive management teams to execute strategic growth objectives |
| Other current directorships: | Chairman of rhipe Limited (ASX:RHP); Chairman of HJB Corporation Limited (ASX:HJB); Chairman of Noble Mineral Resources Limited (ASX:NMG); Non-Executive Director of JustKapital Litigation Partners Limited (ASX:JKL); Non-Executive Director of LiveTiles Limited (ASX:LVT) and Non-Executive Director of Prime Media Group Limited (ASX:PRT) |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of the Audit and Risk Committee |
| Interests in shares: | 983,792 |
| Interests in options: | 1,050,000 |
| Interests in rights: | None |
| Name: | Shauna Mei |
| Title: | Chief Executive Officer ('CEO') |
| Qualifications: | Double bachelor of science degrees in electrical engineering/computer science and management finance from Massachusetts Institute of Technology ('MIT') |
| Experience and expertise: | Shauna is an MIT engineer turned commerce and media industry professional, and the co-founder of AHAlife. Shauna's mission is to create a global community that supports independent brands on a 'content-meets-commerce' platform featuring quality objects for every aspect of life. Prior to launching AHAlife, Shauna served as the Chief Operating Officer of Casall, a Swedish wellness/activewear company. She also co-founded the Aronsson Group, a luxury fashion investment and advisory firm, and has worked in both Private Equity and Investment Banking at Goldman Sachs. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of the Audit and Risk Committee |
| Interests in shares: | 17,206,795 |
| Interests in options: | 7,000,000 |
| Interests in rights: | 3,500,000 |

| | |
|--------------------------------------|--|
| Name: | Sachin Devand |
| Title: | President and Chief Technology Officer |
| Qualifications: | Computer Science degree from Indian Institute of Technology, Bombay ('IIT') |
| Experience and expertise: | Sachin is the co-founder of AHAlife and was responsible for building AHAlife's next generation in-house developed commerce marketplace platform. Sachin has more than 15 years of extensive experience building geo-distributed, scalable, enterprise class global business systems that can deliver high throughput low latency responses to end consumers. Sachin also has extensive experience in the field of data science, personalisation and big data that are applied at the core of AHAlife's platform. Prior to AHAlife, Sachin served as Vice President of Platform Products at 33Across where he was responsible for building and expanding their social graph web-based platform, managing an ever-evolving relationship graph of over a billion users on the web. This platform was built using machine learning and artificial intelligence using big data analytics. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 7,535,078 |
| Interests in options: | 5,968,217 |
| Interests in rights: | 1,500,000 |
| Name: | Michael Everett |
| Title: | Non-Executive Director |
| Experience and expertise: | Michael has more than 25 years of capital markets and advisory experience. Michael retired from Goldman Sachs in 2013 after 11 years where he was Managing Director and co-head of the Financing Group within the Investment Banking Division in Australia. Prior to joining Goldman Sachs, he worked internationally for a large investment bank and has broad experience across the securities industry. During his career, he has advised a broad range of companies in a variety of industries. In late 2013, he established an independent capital markets advisory firm, Reunion Capital Partners. In 2015, Michael co-founded Bombora Group, an advisory services company. |
| Other current directorships: | Non-Executive Director of rhip Limited (ASX:RHP), HJB Corporation Limited (ASX:HJB) and Noble Mineral Resources Limited (ASX:NMG) |
| Former directorships (last 3 years): | None |
| Special responsibilities: | Member of the Audit and Risk Committee |
| Interests in shares: | 1,360,000 |
| Interests in options: | 1,025,000 |
| Interests in rights: | None |
| Name: | Christopher Colfer |
| Title: | Non-Executive Director |
| Experience and expertise: | Christopher is an international Chairman, Chief Executive and Board Director with an exemplary track record in multiple industry sectors including luxury goods, branded goods and e-commerce. He is highly skilled in strategy, retail, e-commerce, business development and marketing. He was the longest serving Non-Executive Board Member of online luxury fashion retailer NET-A-PORTER, where he oversaw the initial investment by Richemont, saw its transformation into a billion-dollar company, and subsequently led the full acquisition in February 2010. |
| Other current directorships: | Christopher sits on the board of personalised fashion marketplace LYST, Nude by Nature, Huntsman & Sons and Crumpler. |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | None |
| Interests in options: | None |
| Interests in rights: | 1,635,000 (pending shareholder approval at Annual General Meeting) |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Andrew Whitten has held the role of company secretary since 17 January 2014. Andrew is currently the company secretary of a number of publicly listed companies. He holds a Bachelor of Arts (Economics) from the University of New South Wales, a Master of Laws and Legal Practice from the University of Technology, Sydney and a Graduate Diploma in Applied Corporate Governance from the Governance Institute. He is an admitted solicitor with a speciality in corporate finance and securities law and is a Solicitor Director of Whittens. Andrew is an elected Associate of the Governance Institute.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

| | Full Board | | Audit and Risk Committee | |
|--------------------|------------|------|--------------------------|------|
| | Attended | Held | Attended | Held |
| Mike Hill | 8 | 8 | - | 1 |
| Shauna Mei | 8 | 8 | 1 | 1 |
| Sachin Devand | 8 | 8 | - | - |
| Michael Everett | 8 | 8 | 1 | 1 |
| Christopher Colfer | 2 | 2 | - | - |

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

As prescribed by the Listing Rules of the ASX, the aggregate remuneration of non-executive directors is determined from time to time by shareholders at general meeting. Non-executive directors' fees (including statutory superannuation) are determined within an aggregate directors' fee pool limit. The pool currently stands at a maximum of \$500,000 per annum in total, which was approved by shareholders on 10 March 2014.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- share-based payments; and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

No Short Term Incentive ('STI') plan was in place during the financial year ended 30 June 2016.

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of 1.5 to 4.5 years based on long-term incentive measures. These include an increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The options performance options, performance rights, loan shares and consideration options vest between 1.5 and 4.5 years and are contingent upon employment or service with consolidated entity on the vesting date and have certain vesting conditions.

On 27 July 2015, options over INTCorp shares were granted in exchange of options previously issued by AHAlife Holdings Inc. for a term of 10 years from grant date and have exercise prices ranging from US\$0.08 to US\$0.40. These options vest immediately or progressively between 2 and 4 years contingent upon employment or service with the consolidated entity on the vesting date.

The Board reviewed the long-term equity-linked performance incentives specifically for executives during the financial year ended 30 June 2016.

Consolidated entity performance and link to remuneration

LTI comprising of share-based payments are directly linked to the performance of the consolidated entity. Share based payments include executive options, performance options, performance rights, loan shares and consideration options. LTI have various vesting conditions including: continuous period of service with the consolidated entity, volume weighted average share price; consolidated entity revenue targets; and/or cash flow targets. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the current year.

The Board is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2016, the consolidated entity did not engage any remuneration consultants.

Details of remuneration

The KMP of the consolidated entity consisted of the directors of AHAlife Holdings Limited.

Amounts of remuneration:

Details of the remuneration of KMP of the consolidated entity are set out in the following tables. Prior to the acquisition on 25 July 2015, AHAlife Holdings Inc was not required to prepare a Remuneration report in accordance with the Corporations Act 2001. As such, Remuneration report information is presented only for 2016.

The 2016 table below represents remuneration paid by the consolidated entity consisting of AHAlife Holdings Inc. and its subsidiaries for the entire financial year and INT Corporation Limited (now known as AHAlife Holdings Limited) for the period from 25 July 2015 to 30 June 2016.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---------------------------------|------------------------------|--------------------|----------------------|--------------------------|----------------------------|---------------------------------------|---------------|
| | Cash salary and fees US\$ | Cash bonus US\$ | Non-monetary US\$ | Super-annuation US\$ | Long service leave US\$ | Equity settled options/rights US\$ | Total US\$ |
| 2016 | | | | | | | |
| <i>Non-Executive Directors:</i> | | | | | | | |
| Mike Hill - Chairman* | 114,583 | - | - | - | - | - | 114,583 |
| Michael Everett* | 91,667 | - | - | - | - | - | 91,667 |
| Christopher Colfer** | 19,931 | - | - | 1,894 | - | 99,595 | 121,420 |
| <i>Executive Directors:</i> | | | | | | | |
| Shauna Mei | 291,667 | - | 4,019 | - | - | 594,510 | 890,196 |
| Sachin Devand | 293,750 | - | 4,033 | - | - | 314,748 | 612,531 |
| | 811,598 | - | 8,052 | 1,894 | - | 1,008,853 | 1,830,397 |

* Key management personnel of the consolidated entity from 25 July 2015

** Key management personnel of the consolidated entity from 24 March 2016

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2016 | At risk - LTI 2016 |
|---------------------------------|----------------------------|-----------------------|
| <i>Non-Executive Directors:</i> | | |
| Mike Hill | 100% | - |
| Michael Everett | 100% | - |
| Christopher Colfer | 18% | 82% |
| <i>Executive Directors:</i> | | |
| Shauna Mei | 33% | 67% |
| Sachin Devand | 49% | 51% |

Service agreements

The employment agreements contain substantially the same terms which include usual statutory entitlements, typical confidentiality and intellectual property provisions intended to protect the consolidated entity's intellectual property rights and other proprietary information and non-compete clauses.

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

| | |
|----------------------|--|
| Name: | Mike Hill |
| Title: | Non-Executive Chairman |
| Agreement commenced: | 1 August 2015 |
| Term of agreement: | Ongoing |
| Details: | Termination by the consolidated entity with reason, immediately with no notice period. Termination by the consolidated entity without reason, 3 month's written notice period. Termination by the director with or without reason, 3 months' written notice period. |

Name: Shauna Mei
Title: Chief Executive Officer
Agreement commenced: 1 August 2015
Term of agreement: Ongoing
Details: Termination by the consolidated entity with reason, either 1 month's written notice period or immediately with no notice period, depending on reason. Termination by the consolidated entity without reason, 3 month's written notice period. Termination by the director with reason of breach unrectified within 28 days of notice, immediately with no notice period. Termination by the director with other reason or without reason, 3 months' written notice period.

Name: Sachin Devand
Title: President and Chief Technology Officer
Agreement commenced: 1 August 2015
Term of agreement: Ongoing
Details: Termination by the consolidated entity with reason, either 1 month's written notice period or immediately with no notice period, depending on reason. Termination by the consolidated entity without reason, 3 month's written notice period. Termination by the director with reason of breach unrectified within 28 days of notice, immediately with no notice period. Termination by the director with other reason or without reason, 3 months' written notice period.

Name: Michael Everett
Title: Non-Executive Director
Agreement commenced: 1 August 2015
Term of agreement: Ongoing
Details: Termination by the consolidated entity with reason, immediately with no notice period. Termination by the consolidated entity without reason, 3 month's written notice period. Termination by the director with or without reason, 3 months' written notice period.

Name: Christopher Colfer
Title: Non-Executive Director
Agreement commenced: 23 March 2016
Term of agreement: 2 years
Details: Termination by the consolidated entity with reason, immediately with no notice. Termination by the director at the request of the consolidated entity, 3 months' written notice period. Termination by the director at his own election, immediately with no notice.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2016.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

| Grant date | Particulars | Expiry date | Exercise price | Fair value per option at grant date |
|-------------|---|-------------|----------------|-------------------------------------|
| 27/07/2015 | Shauna Mei: 3,500,000 performance options, which vest on 3 years of continuous period of service with the consolidated entity, and when the consolidated entity's revenue in a rolling 12 month period exceeds US\$20million | 27/07/2019 | A\$0.300 | A0.230 |
| 27/07/2015 | Shauna Mei: 3,500,000 executive options, which vest on 3 years of continuous period of service with the consolidated entity, and when the 20 day VWAP of the company's share price is 75 cents or above | 27/07/2019 | A\$0.200 | A\$0.250 |
| 27/07/2015 | Sachin Devand: 1,500,000 performance options, which vest on 3 years of continuous period of service with the consolidated entity, and when the consolidated entity's revenue in a rolling 12 month period exceeds US\$20million | 27/07/2019 | A\$0.300 | A\$0.230 |
| 27/07/2015 | Sachin Devand: 1,500,000 executive options, which vest on 3 years of continuous period of service with the consolidated entity, and when the 20 day VWAP of the company's share price is 75 cents or above | 27/07/2019 | A\$0.200 | A\$0.250 |
| 27/07/2015* | Sachin Devand: 1,858,332 options** | 08/11/2022 | US\$0.091 | US\$0.140 |
| 27/07/2015* | Sachin Devand: 1,109,885 options** | 19/08/2024 | US\$0.094 | US\$0.170 |

* These are the dates on which options in INT Corporation Limited were issued to the holder. These options were in exchange of options previously issued by AHAlife Holdings Inc. The grant dates of these options were between 2012 and 2014.

** This balance represents security holding in INT Corporation Limited following completion of reverse acquisition. Prior completion of the reverse acquisition of AHAlife Holdings Inc. by INT Corporation Limited, Sachin Devand held 583,280 options in AHAlife Holdings Inc. (which were converted to 1,858,332 options in INT Corporation Limited) and 348,363 options in AHAlife Holdings Inc. (which were converted to 1,109,885 options in INT Corporation Limited).

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

| Name | Number of options granted during the year 2016 | Number of options vested* during the year 2016 |
|---------------|--|--|
| Shauna Mei | 7,000,000 | - |
| Sachin Devand | 5,968,217 | 742,054 |

* Although the options in INT Corporation Limited were granted to Sachin Devand on 27 July 2015, as they were in exchange of options previously issued by AHAlife Holdings Inc., the vesting commencement dates of these options were between 2012 and 2014. Accordingly, certain options vested during the year.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other KMP in this financial year or future reporting years are as follows:

| Grant date | Particulars | Expiry date | Share price hurdle for vesting | Fair value per right at grant date |
|------------|--|-------------|--------------------------------|------------------------------------|
| 27/07/2015 | Shauna Mei: 3,500,000 performance rights, which vest on 4 years of continuous period of service with the consolidated entity, when the 20 day VWAP of the company's share price is A\$1.20 or above and when the consolidated entity's revenue in a rolling 12 month period exceeds US\$20million and the consolidated entity has positive operating cash flows within this 12 month period | 27/07/2019 | A\$1.200 | US\$0.240 |
| 27/07/2015 | Sachin Devand: 1,500,000 performance rights, which vest on 4 years of continuous period of service with the consolidated entity, when the 20 day VWAP of the company's share price is A\$1.20 or above and when the consolidated entity's revenue in a rolling 12 month period exceeds US\$20million and the consolidated entity has positive operating cash flows within this 12 month period | 27/07/2019 | A\$1.200 | US\$0.240 |
| 23/03/2016 | Chris Colfer: 1,635,000 performance rights subject to shareholder approval at the Annual General Meeting* | N/A | N/A | A\$0.370 |

- * On approval, Chris Colfer's Performance right is expected to vest over a 2 year period of continuous service with the company (1/8th vest every 3 months), and become deliverable once certain financial performance milestones have been met as follows: 1/3rd of the performance rights will only be delivered once the company achieves positive cash flows within a rolling 12 month period, a further 1/3rd of the performance rights will only be delivered once the company achieves revenue in a rolling 12 month period in excess of A\$20 million, and a final 1/3rd of the performance rights will be delivered once the company achieves revenue in a rolling 12 month period in excess of A\$50million. Performance rights have no expiry date and \$Nil exercise price

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other KMP as part of compensation during the year ended 30 June 2016 are set out below:

| Name | Number of rights granted during the year 2016 | Number of rights vested during the year 2016 |
|---------------|---|--|
| Shauna Mei | 3,500,000 | - |
| Sachin Devand | 1,500,000 | - |
| Chris Colfer* | 1,635,000 | - |

- * Performance rights granted is subject to shareholder approval at Annual General Meeting.

Loan funded share plan

As part of the incentive packages (together with the executive options, performance options and performance rights), Shauna Mei and Sachin Devand were provided with loans to acquire INT shares at a deemed issue price of A\$0.45 per share. Key terms of the loan is as follows: interest free, secured against the "loan shares" and limited recourse on repayment of the loan to the "loan shares". The "loan shares" are subject to escrow provisions: 1/3rd of the "loan shares" will be escrowed until 24 months of continuous period of service and 20 day VWAP of A\$1.50, a further 1/3rd of the "loan shares" will be escrowed until 36 months of continuous period of service and 20 day VWAP of A\$1.50, and a final 1/3rd of the "loan shares" will be escrowed until 54 months of continuous period of service and 20 day VWAP of A\$1.50.

Additional information

The earnings of the consolidated entity since listing are summarised below:

| | 2016 US\$ |
|-----------------------|--------------|
| Sales revenue | 5,301,360 |
| Loss after income tax | (14,766,291) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2016 |
|--|--------|
| Share price at financial year end (A\$) | 0.19 |
| Basic earnings per share (cents per share) | (9.53) |

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Other** | Balance at the end of the year |
|------------------------|--|--|------------|-----------|--------------------------------------|
| Ordinary shares | | | | | |
| Mike Hill | - | - | 243,792 | 740,000 | 983,792 |
| Shauna Mei* | 4,773,000 | - | 12,433,795 | - | 17,206,795 |
| Sachin Devand | - | - | 7,535,078 | - | 7,535,078 |
| Michael Everett | - | - | 200,000 | 1,160,000 | 1,360,000 |
| | 4,773,000 | - | 20,412,665 | 1,900,000 | 27,085,665 |

* Balance at the start of the year represents shareholding in AHAlife Holdings Inc. prior to reverse acquisition.

** Other includes shares held in INT Corporation Limited prior to reverse acquisition. The shares were converted into AHAlife Holdings Limited after capital reorganisation as referred in Note 15 of the Annual Report.

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Other** | Balance at the end of the year |
|-------------------------------------|--|------------|-----------|-----------|--------------------------------------|
| Options over ordinary shares | | | | | |
| Mike Hill | - | - | - | 1,050,000 | 1,050,000 |
| Shauna Mei | - | 7,000,000 | - | - | 7,000,000 |
| Sachin Devand* | - | 5,968,217 | - | - | 5,968,217 |
| Michael Everett | - | - | - | 1,025,000 | 1,025,000 |
| | - | 12,968,217 | - | 2,075,000 | 15,043,217 |

- * Options granted includes 2,968,217 of option holdings in AHALife Holdings Inc which were converted to options in INT Corp Limited.
- ** Other includes shares and options held in INT Corporation Limited prior to reverse acquisition. These options were converted into AHALife Holdings Limited after capital reorganisation.

4,757,150 outstanding options as at 30 June 2016 is vested and exercisable by the KMPs.

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Vested | Expired/ forfeited/ other | Balance at the end of the year |
|--|--|-----------|--------|---------------------------------|--------------------------------------|
| <i>Performance rights over ordinary shares</i> | | | | | |
| Shauna Mei | - | 3,500,000 | - | - | 3,500,000 |
| Sachin Devand | - | 1,500,000 | - | - | 1,500,000 |
| Chris Colfer* | - | 1,635,000 | - | - | 1,635,000 |
| | - | 6,635,000 | - | - | 6,635,000 |

- * Performance rights granted is subject to shareholder approval at Annual General Meeting.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of AHALife Holdings Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|------------|-------------|-------------------|------------------------|
| 30/11/2011 | 22/02/2018 | A\$40.000 | 1,313 |
| 16/07/2014 | 30/06/2017 | A\$0.200 | 2,875,001 |
| 16/07/2014 | 16/07/2017 | A\$0.200 | 575,000 |
| 16/07/2014 | 16/07/2017 | A\$0.200 | 637,500 |
| 27/07/2015 | 08/11/2022 | US\$0.091 | 1,858,332 |
| 27/07/2015 | 18/08/2024 | US\$0.094 | 1,109,885 |
| 27/07/2015 | 05/10/2021 | US\$0.085 | 477,422 |
| 27/07/2015 | 26/10/2021 | US\$0.085 | 163,285 |
| 27/07/2015 | 01/06/2022 | US\$0.207 | 103,523 |
| 27/07/2015 | 08/11/2022 | US\$0.091 | 195,142 |
| 27/07/2015 | 22/03/2023 | US\$0.098 | 326,564 |
| 27/07/2015 | 31/07/2023 | US\$0.098 | 63,720 |
| 27/07/2015 | 19/08/2024 | US\$0.095 | 581,450 |
| 27/07/2015 | 27/07/2025 | US\$0.400 | 206,777 |
| 27/07/2015 | 27/07/2019 | A\$0.200 | 5,000,000 |
| 27/07/2015 | 27/01/2020 | A\$0.450 | 4,000,000 |
| 27/07/2015 | 27/07/2019 | A\$0.300 | 5,000,000 |
| | | | <u>23,174,914</u> |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights

Unissued ordinary shares of AHALife Holdings Limited under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|------------|-------------|----------------|---------------------|
| 27/07/2015 | 27/07/2019 | A\$1.200 | 5,000,000 |
| 23/03/2016 | N/A | N/A | 1,635,000 |
| | | | <u>6,635,000</u> |

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of AHALife Holdings Limited were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted:

| Date options granted | Exercise price | Number of shares issued |
|----------------------|----------------|-------------------------|
| 27/07/2015 | US\$0.085 | 3,363,622 |
| 27/07/2015 | US\$0.207 | 85,384 |
| 16/07/2014 | A\$0.200 | 437,500 |
| | | <u>3,886,506</u> |

Shares issued on the exercise of performance rights

There were no ordinary shares of AHALife Holdings Limited issued on the exercise of performance rights during the year ended 30 June 2016 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during the financial year and up to the date of this report.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Ernst & Young

There are no officers of the company who have been audit partners of Ernst & Young for the past three years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 follows this directors' report.

Auditor

Ernst & Young were appointed during the financial year in accordance with section 327C of the Corporations Act 2001 to fill the vacancy due to the resignation of Stantons International Audit and Consulting Pty Ltd. Ernst & Young offers themselves for reappointment at the next Annual General Meeting of the company.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Hill
Chairman

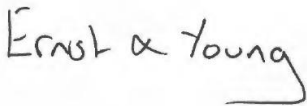
15 August 2016

Auditor's Independence Declaration to the Directors of AHAlife Holdings Limited

As lead auditor for the audit of AHAlife Holdings Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AHAlife Holdings Limited and the entities it controlled during the financial year.



Ernst & Young



Julian M. O'Brien
Partner
Sydney

15 August 2016

AHAlife Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016



| | Note | Consolidated 2016 US\$ | 2015 US\$ |
|--|------|------------------------------|--------------|
| Revenue | | | |
| Sale of goods | | 4,901,154 | 2,289,615 |
| Shipping revenue | | 400,206 | 195,667 |
| Total sales revenue | | 5,301,360 | 2,485,282 |
| Cost of goods sold | | (3,230,614) | (1,537,974) |
| Gross margin | | 2,070,746 | 947,308 |
| Other revenue | 5 | 82,211 | 220,926 |
| Expenses | | | |
| Employee benefit expenses | 6 | (4,489,321) | (2,688,524) |
| Marketing expenses | | (3,084,968) | (910,796) |
| Technology expenses | | (794,671) | (620,187) |
| Freight and warehousing expenses | | (827,645) | (503,603) |
| Occupancy and administrative expenses | | (806,580) | (638,515) |
| Professional fees | | (305,873) | (252,079) |
| Depreciation and amortisation expenses | 6 | (97,826) | (35,034) |
| Listing expenses | 6 | (6,324,041) | - |
| Other expenses | | (156,924) | (121,547) |
| Finance costs | | (31,399) | (143,766) |
| Loss before income tax expense | | (14,766,291) | (4,745,817) |
| Income tax expense | 7 | - | - |
| Loss after income tax expense for the year attributable to the owners of AHAlife Holdings Limited | | (14,766,291) | (4,745,817) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | (7,303) | - |
| Other comprehensive income for the year, net of tax | | (7,303) | - |
| Total comprehensive income for the year attributable to the owners of AHAlife Holdings Limited | | (14,773,594) | (4,745,817) |
| | | Cents | Cents |
| Basic earnings per share | 28 | (9.53) | (4.91) |
| Diluted earnings per share | 28 | (9.53) | (4.91) |

Refer to note 2 for explanation on comparatives.

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

| | Note | Consolidated 2016 US\$ | 2015 US\$ |
|----------------------------------|------|------------------------------|--------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | 4,527,079 | 521,574 |
| Inventories | | 124,468 | 81,127 |
| Other | 9 | 144,784 | 69,173 |
| Total current assets | | <u>4,796,331</u> | <u>671,874</u> |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 444,939 | 55,177 |
| Intangibles | 11 | 91,479 | - |
| Security deposits | | 45,490 | 71,884 |
| Total non-current assets | | <u>581,908</u> | <u>127,061</u> |
| Total assets | | <u>5,378,239</u> | <u>798,935</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 1,089,684 | 465,453 |
| Borrowings | 13 | - | 1,965,517 |
| Deferred revenue | | 93,008 | 55,784 |
| Other | 14 | 27,805 | 152,407 |
| Total current liabilities | | <u>1,210,497</u> | <u>2,639,161</u> |
| Non-current liabilities | | | |
| Lease make good provision | | 68,000 | - |
| Total non-current liabilities | | <u>68,000</u> | <u>-</u> |
| Total liabilities | | <u>1,278,497</u> | <u>2,639,161</u> |
| Net assets/(liabilities) | | <u>4,099,742</u> | <u>(1,840,226)</u> |
| Equity | | | |
| Contributed equity | 15 | 47,464,788 | 27,847,979 |
| Reserves | 16 | 1,386,933 | 297,483 |
| Accumulated losses | | (44,751,979) | (29,985,688) |
| Total equity/(deficiency) | | <u>4,099,742</u> | <u>(1,840,226)</u> |

Refer to note 2 for explanation on comparatives.

| Consolidated | Contributed equity US\$ | Reserves US\$ | Accumulated losses US\$ | Total deficiency in equity US\$ |
|--|-------------------------------|------------------|-------------------------------|--|
| Balance at 1 July 2014 | 27,847,979 | 210,636 | (25,239,871) | 2,818,744 |
| Loss after income tax expense for the year | - | - | (4,745,817) | (4,745,817) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (4,745,817) | (4,745,817) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Share-based payments (note 29) | - | 86,847 | - | 86,847 |
| Balance at 30 June 2015 | <u>27,847,979</u> | <u>297,483</u> | <u>(29,985,688)</u> | <u>(1,840,226)</u> |

Refer to note 2 for explanation on comparatives.

| Consolidated | Contributed equity US\$ | Reserves US\$ | Accumulated losses US\$ | Total equity US\$ |
|--|-------------------------------|------------------|-------------------------------|----------------------|
| Balance at 1 July 2015 | 27,847,979 | 297,483 | (29,985,688) | (1,840,226) |
| Loss after income tax expense for the year | - | - | (14,766,291) | (14,766,291) |
| Other comprehensive income for the year, net of tax | - | (7,303) | - | (7,303) |
| Total comprehensive income for the year | - | (7,303) | (14,766,291) | (14,773,594) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 15) | 19,616,809 | - | - | 19,616,809 |
| Share-based payments (note 29) | - | 1,096,753 | - | 1,096,753 |
| Balance at 30 June 2016 | <u>47,464,788</u> | <u>1,386,933</u> | <u>(44,751,979)</u> | <u>4,099,742</u> |

| | Note | Consolidated 2016 US\$ | 2015 US\$ |
|--|------|------------------------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 5,344,539 | 2,514,896 |
| Payments to suppliers and employees | | (12,356,971) | (6,965,372) |
| Interest received | | 5,955 | 54 |
| Other income | | 76,256 | 220,872 |
| Interest and other finance costs paid | | (31,399) | (143,766) |
| Net cash used in operating activities | 27 | (6,961,620) | (4,373,316) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (400,966) | (7,247) |
| Payments for security deposits | | - | (4,528) |
| Net cash used in investing activities | | (400,966) | (11,775) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 15,162,530 | - |
| Share issue transaction costs | | (1,102,934) | - |
| Transaction costs of listing | | (725,988) | - |
| Repayment of borrowings | | (1,965,517) | (1,034,483) |
| Net cash from/(used in) financing activities | | 11,368,091 | (1,034,483) |
| Net increase/(decrease) in cash and cash equivalents | | 4,005,505 | (5,419,574) |
| Cash and cash equivalents at the beginning of the financial year | | 521,574 | 5,941,148 |
| Cash and cash equivalents at the end of the financial year | 8 | <u>4,527,079</u> | <u>521,574</u> |

Refer to note 2 for explanation on comparatives.

Note 1. General information

The financial statements cover AHAlife Holdings Limited (referred to as the company' or 'parent') as a consolidated entity consisting of AHAlife Holdings Limited and the entities it controlled at the end of, or during, the year (referred to as the 'consolidated entity'). The financial statements are presented in United States dollars, which is AHAlife Holdings Limited's presentation currency. The functional currency of AHAlife Holdings Inc. is United States dollars and AHAlife Holdings Limited is Australian dollars.

AHALife Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 29, 201 Elizabeth Street
Sydney, NSW 2000
Australia

Principal place of business

147 Front Street
Brooklyn, NY 11201
United States of America

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 August 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Adoption of AASB 1 'First time adoption of Australian Accounting Standards'

AHALife Holdings Inc. historically prepared 'General purpose financial statements under the reduced disclosure regime' for the purposes of satisfying the directors reporting requirements under Corporations Act 2001. As a disclosing entity the consolidated entity is now required to prepare 'general purpose financial statements' compliant with International Financial Reporting Standards ('IFRS') for the first time. In accordance with AASB 1 'First time adoption of Australian Accounting Standards' the consolidated entity has adopted all relevant IFRS standards with effect from the beginning of the comparative period, 1 July 2014. The adoption of AASB 1 has not resulted in any changes in recognition or measurement of amounts in the financial statements.

Note 2. Significant accounting policies (continued)

Basis of preparation

Acquisition accounting and comparative information

On 25 July 2015, INT Corporation Limited (now renamed AHAlife Holdings Limited) ('the legal parent' or 'INTCorp') acquired AHAlife Holdings Inc. ('the legal subsidiary' or 'AHAlife'). For accounting purposes, the acquisition has been accounted for as a share-based payment and the principles of reverse acquisition have been applied.

As a result of the acquisition, the comparative information represents AHAlife only. The current year represents the consolidated entity comprising AHAlife for the entire year and INTCorp from 25 July 2015 to 30 June 2016. Therefore, the comparatives will not compare to the consolidated financial results of INT Corporation Limited published in prior financial reporting periods. Refer to 'Business Combination' accounting policy for further explanation of the accounting for this transaction.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention with the exception of financial instruments that are measured at fair value on initial recognition.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AHAlife Holdings Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition of AHAlife by INTCorp has been accounted as a share-based payment in accordance with AASB 2 'Share-based payment' and the consolidated financial statements represent a continuation of the financial statements of AHAlife. The comparative information are related to AHAlife operations and not those of INTCorp.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 2. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in United States dollars, which is AHAlife Holdings Limited's presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-US functional currency operations

The assets and liabilities of non-US functional currency operations are translated into United States dollars using the exchange rates at the reporting date. The revenues and expenses of non-US functional currency operations are translated into United States dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the year. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods pass to the buyer, usually on despatch of the goods. Revenue from the sale of goods is measured net of returns and allowances, trade discounts and volume rebates.

Shipping revenue

Shipping revenue is revenue earned from the shipment of goods to customers and is recognised on despatch of goods.

Rental income

Rental income is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|-------------------------|--------------|
| Furniture and fixtures | 7 years |
| Leasehold improvements | 4 to 5 years |
| Machinery and equipment | 5 years |
| Computer equipment | 3 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Customer list

Customer list acquired are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of two to three years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are expensed to profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

The liability for annual leave not expected to be settled within 12 months of the reporting date are 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

The equity settled cost of AHALife Holdings Inc. acquiring INT Corporation Limited is accounted for as a share-based payment expense within listing expenses in profit or loss. Equity-settled share-based compensation benefits are provided to employees and are accounted for as a share-based payment expense within employee benefit expenses in profit or loss.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Acquisition of AHAlife Holdings Inc.

During the financial year, AHAlife Holdings Inc.'s original shareholders obtained a majority share interest in INT Corporation Limited (now known as AHAlife Holdings Limited) after the acquisition transaction. This transaction did not meet the definition of a business combination in AASB 3 'Business Combinations'. The transaction has therefore been accounted for in the financial statements in accordance with AASB 2 'Share-based Payment' as a continuation of the financial statements of AHAlife Holdings Inc., together with a deemed issue of shares, equivalent to the shares held by the former shareholders of INT Corporation Limited. The deemed issue of shares is, in effect, a share-based payment transaction whereby AHAlife Holdings Inc. is deemed to have received the net assets of INT Corporation Limited, together with the listing status of INT Corporation Limited. The overall accounting effect is very similar to that of a reverse acquisition in AASB 3.

Note 2. Significant accounting policies (continued)

The principles and guidance on the preparation and presentation of the financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to INT Corporation Limited's assets and liabilities, not those of AHAlife Holdings Inc.;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the notional amount of shares that AHAlife Holdings Inc. would have needed to issue to acquire the same shareholding percentage in INT Corporation Limited at the acquisition date and the value of the existing INT Corporation Limited's options at the date of the acquisition;
- retained earnings and other equity balances in the financial statements at acquisition date are those of AHAlife Holdings Inc.;
- a shared-based payment transaction arises whereby AHAlife Holdings Inc. is deemed to have issued shares in exchange for the net assets of INT Corporation Limited (together with its listing status). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a share-based payment listing expense;
- the equity structure in the financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of INT Corporation Limited, including the equity instruments issued by INT Corporation Limited to effect the acquisition;
- the results for the financial year ended 30 June 2016 comprise the consolidated results for the year of AHAlife Holdings Inc. together with the results of INT Corporation Limited from 25 July 2015 to 30 June 2016; and
- the comparative results represents the consolidated results of AHAlife Holdings Inc. only.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of AHAlife Holdings Limited, 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 or share splits in ordinary shares issued during the financial year.

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption is not expected to be material.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the 'operating lease' and 'finance lease' classification required by AASB 117 'Leases'. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity expects to adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

Other amending accounting standards

Other amending accounting standards and interpretations issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted and expected volatility. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure date and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment being the sale of luxury and artisan goods online. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and are therefore not duplicated.

The information reported to the CODM is on a monthly basis.

Major customers

During the year ended 30 June 2016 there were no external customers where revenue exceeded 10% of the consolidated revenue.

Note 5. Other revenue

| | Consolidated 2016 US\$ | 2015 US\$ |
|---------------|------------------------------|----------------|
| Rental income | 76,256 | 215,964 |
| Interest | 5,955 | 54 |
| Other | - | 4,908 |
| Other revenue | <u>82,211</u> | <u>220,926</u> |

Note 6. Expenses

| | Consolidated 2016 US\$ | 2015 US\$ |
|--|------------------------------|------------------|
| Loss before income tax includes the following specific expenses: | | |
| <i>Depreciation</i> | | |
| Fixtures and fittings | 8,786 | 5,254 |
| Leasehold improvements | 49,451 | 7,796 |
| Machinery and equipment | 11,199 | 12,711 |
| Computer equipment | 9,768 | 9,273 |
| Total depreciation | <u>79,204</u> | <u>35,034</u> |
| <i>Amortisation</i> | | |
| Customer list | 18,622 | - |
| Total depreciation and amortisation | <u>97,826</u> | <u>35,034</u> |
| <i>Listing expenses include the following:</i> | | |
| Share-based payment listing expense | 5,598,053 | - |
| Legal and professional expenses | 725,988 | - |
| Total listing expenses | <u>6,324,041</u> | <u>-</u> |
| <i>Employee benefit expenses</i> | | |
| Share-based payments expense | 1,096,753 | 86,847 |
| Salaries and wages | 3,392,568 | 2,601,677 |
| Total employee benefit expenses | <u>4,489,321</u> | <u>2,688,524</u> |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable | <u>31,399</u> | <u>143,766</u> |
| <i>Rental expense relating to operating leases</i> | | |
| Minimum lease payments | <u>295,408</u> | <u>432,593</u> |

Note 7. Income tax expense

| | Consolidated 2016 US\$ | 2015 US\$ |
|--|------------------------------|--------------|
| <i>Numerical reconciliation of income tax expense and tax at the statutory rate</i> | | |
| Loss before income tax expense | (14,766,291) | (4,745,817) |
| Tax at the statutory tax rate of 34% (2015: 35%) | (5,020,539) | (1,661,036) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Permanent differences | 1,991,041 | 831,564 |
| | (3,029,498) | (829,472) |
| Current year tax losses not recognised | 2,769,368 | 829,472 |
| Adjustment for difference between Australian and US Tax Rate | 260,130 | - |
| Income tax expense | - | - |

Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised is US\$32,148,984 (2015: US\$19,373,032). Potential tax benefit at statutory tax rates for the tax jurisdictions amount to US\$11,563,550 (2015: US\$7,266,365).

The potential tax benefit for tax losses has not been recognised in the statement of financial position. The tax losses will begin to expire in 2030 unless previously utilised. Utilisation of the carry forward tax losses may be subject to a substantial annual limitation due to the ownership change limitations provided by the tax code, if a change in ownership occurs. Any annual limitation may result in the expiration of net operating losses before utilisation.

| | Consolidated 2016 US\$ | 2015 US\$ |
|---|------------------------------|--------------|
| <i>Deferred tax assets not recognised</i> | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Intangibles | 314,966 | 355,184 |
| Deferred rent | 9,830 | - |
| Accrued expense | - | 25,494 |
| Plant and equipment | (4,344) | - |
| Inventory reserve | - | (1,142) |
| Total deferred tax assets not recognised | 320,452 | 379,536 |

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 8. Current assets - cash and cash equivalents

| | Consolidated 2016 US\$ | 2015 US\$ |
|--------------------------|------------------------------|--------------|
| Cash at bank and on hand | 4,485,143 | 467,739 |
| Short-term deposits | 41,936 | 53,835 |
| | 4,527,079 | 521,574 |

Note 9. Current assets - other

| | Consolidated 2016 US\$ | 2015 US\$ |
|-----------------------|------------------------------|---------------|
| Prepayments | 100,947 | 69,173 |
| Income tax receivable | 180 | - |
| GST receivable | 43,657 | - |
| | <u>144,784</u> | <u>69,173</u> |

Note 10. Non-current assets - property, plant and equipment

| | Consolidated 2016 US\$ | 2015 US\$ |
|-----------------------------------|------------------------------|---------------|
| Furniture and fixtures - at cost | 73,913 | 36,778 |
| Less: Accumulated depreciation | (28,496) | (19,709) |
| | <u>45,417</u> | <u>17,069</u> |
| Leasehold improvements - at cost | 404,713 | 41,663 |
| Less: Accumulated depreciation | (84,593) | (35,142) |
| | <u>320,120</u> | <u>6,521</u> |
| Machinery and equipment - at cost | 78,013 | 65,653 |
| Less: Accumulated depreciation | (50,399) | (39,200) |
| | <u>27,614</u> | <u>26,453</u> |
| Computer equipment - at cost | 136,818 | 80,396 |
| Less: Accumulated depreciation | (85,030) | (75,262) |
| | <u>51,788</u> | <u>5,134</u> |
| | <u>444,939</u> | <u>55,177</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Furniture and fixtures US\$ | Leasehold improvements US\$ | Machinery and equipment US\$ | Computer equipment US\$ | Total US\$ |
|-------------------------|-----------------------------------|-----------------------------------|---------------------------------------|-------------------------------|----------------|
| Balance at 1 July 2014 | 22,323 | 14,317 | 36,117 | 10,207 | 82,964 |
| Additions | - | - | 3,047 | 4,200 | 7,247 |
| Depreciation expense | (5,254) | (7,796) | (12,711) | (9,273) | (35,034) |
| Balance at 30 June 2015 | 17,069 | 6,521 | 26,453 | 5,134 | 55,177 |
| Additions | 37,134 | 363,050 | 12,360 | 56,422 | 468,966 |
| Depreciation expense | (8,786) | (49,451) | (11,199) | (9,768) | (79,204) |
| Balance at 30 June 2016 | <u>45,417</u> | <u>320,120</u> | <u>27,614</u> | <u>51,788</u> | <u>444,939</u> |

Note 11. Non-current assets - intangibles

| | Consolidated 2016 US\$ | 2015 US\$ |
|--------------------------------|------------------------------|--------------|
| Customer list - at cost | 110,503 | - |
| Less: Accumulated amortisation | (19,024) | - |
| | <u>91,479</u> | <u>-</u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Customer list US\$ | Total US\$ |
|---------------------------------------|--------------------------|---------------|
| Balance at 1 July 2014 | - | - |
| Balance at 30 June 2015 | - | - |
| Additions on acquisition of Bezar.com | 114,833 | 114,833 |
| Exchange differences | (4,732) | (4,732) |
| Amortisation expense | (18,622) | (18,622) |
| Balance at 30 June 2016 | <u>91,479</u> | <u>91,479</u> |

Note 12. Current liabilities - trade and other payables

| | Consolidated 2016 US\$ | 2015 US\$ |
|------------------|------------------------------|----------------|
| Trade payables | 887,153 | 194,243 |
| Accrued expenses | 202,531 | 271,210 |
| | <u>1,089,684</u> | <u>465,453</u> |

Refer to note 18 for further information on financial instruments.

Note 13. Current liabilities - borrowings

| | Consolidated 2016 US\$ | 2015 US\$ |
|------------|------------------------------|--------------|
| Bank loans | - | 1,965,517 |

Refer to note 18 for further information on financial instruments.

Bank loans were fully repaid during the current financial year.

Note 14. Current liabilities - other

| | Consolidated 2016 US\$ | 2015 US\$ |
|-------------------|------------------------------|----------------|
| Sales tax payable | 3,219 | 5,383 |
| Deferred rent | 24,586 | 147,024 |
| | <u>27,805</u> | <u>152,407</u> |

Note 15. Equity - contributed equity

The share capital dollar value represents the continuation of AHAlife. The number of shares on issue reflect those of AHAlife Holdings Limited. Refer to note 2 'Business combinations' for further details of the accounting principles applied.

| | 2016 Shares | Consolidated 2015 Shares | 2016 US\$ | 2015 US\$ |
|------------------------------|--------------------|--------------------------------|-------------------|-------------------|
| Ordinary shares - fully paid | 164,166,811 | 12,706,006 | 48,774,468 | 3,368,375 |
| Preferred stock - Series A | - | 6,000,000 | - | 6,000,000 |
| Preferred stock - Series B | - | 8,364,014 | - | 16,179,605 |
| Preferred stock - Series C | - | 1,185,383 | - | 2,299,999 |
| Less: Treasury shares | (4,000,000) | - | (1,309,680) | - |
| | <u>160,166,811</u> | <u>28,255,403</u> | <u>47,464,788</u> | <u>27,847,979</u> |

Movements in ordinary share capital

| Details | Date | Shares | US\$ |
|--|------------------|--------------------|-------------------|
| Balance | 1 July 2014 | <u>12,706,006</u> | <u>3,368,375</u> |
| Balance | 30 June 2015 | 12,706,006 | 3,368,375 |
| Conversion of Preferred stock - Series A into ordinary shares | | 6,000,000 | 6,000,000 |
| Conversion of Preferred stock - Series B into ordinary shares | | 8,364,014 | 16,179,605 |
| Conversion of Preferred stock - Series C into ordinary shares | | 1,185,383 | 2,299,999 |
| Share split in the capital reorganisation | 27 July 2015 | 68,438,274 | - |
| Shares and options to effect the deemed acquisition of INT Corporation Limited | 27 July 2015 | 13,896,234 | 5,442,380 |
| Shares issued on capital raising | 27 July 2015 | 45,188,895 | 14,795,757 |
| Share issued to employees-treasury shares | 27 July 2015 | 4,000,000 | 1,309,680 |
| Shares issued on exercise of options | 7 August 2015 | 3,363,622 | 285,053 |
| Shares issued on exercise of options | 23 November 2015 | 85,384 | 17,688 |
| Shares issued on exercise of options | 3 December 2015 | 437,500 | 64,032 |
| Share issued on acquisition of Bezar.com | 22 April 2016 | 501,499 | 114,833 |
| Share issue transaction costs, net of tax | | - | (1,102,934) |
| Balance | 30 June 2016 | <u>164,166,811</u> | <u>48,774,468</u> |

Note 15. Equity - contributed equity (continued)

Movements in Preferred stock - Series A

| Details | Date | Shares | US\$ |
|---|--------------|-------------|-------------|
| Balance | 1 July 2014 | 6,000,000 | 6,000,000 |
| Balance | 30 June 2015 | 6,000,000 | 6,000,000 |
| Conversion of Preferred stock - Series A into ordinary shares | | (6,000,000) | (6,000,000) |
| Balance | 30 June 2016 | - | - |

Movements in Preferred stock - Series B

| Details | Date | Shares | US\$ |
|---|--------------|-------------|--------------|
| Balance | 1 July 2014 | 8,364,014 | 16,179,605 |
| Balance | 30 June 2015 | 8,364,014 | 16,179,605 |
| Conversion of Preferred stock - Series B into ordinary shares | | (8,364,014) | (16,179,605) |
| Balance | 30 June 2016 | - | - |

| Details | Date | Shares | US\$ |
|---|--------------|-------------|-------------|
| Balance | 1 July 2014 | 1,185,383 | 2,299,999 |
| Balance | 30 June 2015 | 1,185,383 | 2,299,999 |
| Conversion of Preferred stock - Series C into ordinary shares | | (1,185,383) | (2,299,999) |
| Balance | 30 June 2016 | - | - |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Treasury shares

The company has an equity scheme pursuant to which certain employees may access a loan funded share plan ('LFSP'). The acquisition of shares by an employee in the company is fully funded by the company through the granting of a full recourse loan. The LFSP shares are held in a trust until the vesting conditions are satisfied and the loan is repaid. Unvested shares held by the trust are controlled by the company and are recorded as treasury shares representing a deduction against issued capital. These have been accounted for as a share based payment. Refer to note 29 for further details.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 15. Equity - contributed equity (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 16. Equity - reserves

| | Consolidated | |
|------------------------------|------------------|----------------|
| | 2016 US\$ | 2015 US\$ |
| Foreign currency reserve | (7,303) | - |
| Share-based payments reserve | 1,394,236 | 297,483 |
| | <u>1,386,933</u> | <u>297,483</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of Non-US functional currency operations to United States dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

| Consolidated | Foreign currency reserve US\$ | Share-based payments reserve US\$ | Total US\$ |
|------------------------------|--|--|------------------|
| Balance at 1 July 2014 | - | 210,636 | 210,636 |
| Share-based payments | - | 86,847 | 86,847 |
| Balance at 30 June 2015 | - | 297,483 | 297,483 |
| Foreign currency translation | (7,303) | - | (7,303) |
| Share-based payments | - | 1,096,753 | 1,096,753 |
| Balance at 30 June 2016 | <u>(7,303)</u> | <u>1,394,236</u> | <u>1,386,933</u> |

Note 17. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 18. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| | Weighted average interest rate % | 1 year or less US\$ | Between 1 and 2 years US\$ | Between 2 and 5 years US\$ | Over 5 years US\$ | Remaining contractual maturities US\$ |
|-----------------------------|---|------------------------|----------------------------------|----------------------------------|----------------------|--|
| Consolidated - 2016 | | | | | | |
| Non-derivatives | | | | | | |
| Non-interest bearing | | | | | | |
| Trade payables | - | 887,153 | - | - | - | 887,153 |
| Total non-derivatives | | 887,153 | - | - | - | 887,153 |

Note 18. Financial instruments (continued)

| Consolidated - 2015 | Weighted average interest rate % | 1 year or less US\$ | Between 1 and 2 years US\$ | Between 2 and 5 years US\$ | Over 5 years US\$ | Remaining contractual maturities US\$ |
|------------------------------------|---|------------------------|----------------------------------|----------------------------------|----------------------|--|
| Non-derivatives | | | | | | |
| <i>Non-interest bearing</i> | | | | | | |
| Trade payables | - | 194,243 | - | - | - | 194,243 |
| <i>Interest-bearing - variable</i> | | | | | | |
| Bank loans | 5.00% | 1,965,517 | - | - | - | 1,965,517 |
| Total non-derivatives | | 2,159,760 | - | - | - | 2,159,760 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

| | Consolidated | |
|---|--------------|--------------|
| | 2016 US\$ | 2015 US\$ |
| <i>Audit services - Ernst & Young</i> | | |
| Audit or review of the financial statements | 151,486 | 93,862 |

Note 21. Contingent assets and liabilities

There were no contingent assets or contingent liabilities which would have a material effect on the consolidated entity's financial statements as at 30 June 2016 (2015: US\$ nil).

Note 22. Commitments

| | Consolidated | |
|---|--------------|--------------|
| | 2016 US\$ | 2015 US\$ |
| <i>Lease commitments - operating</i> | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | 233,635 | 449,890 |
| One to five years | 904,934 | 986,394 |
| | 1,138,569 | 1,436,284 |

Operating lease commitments includes contracted amounts for commercial property leases under non-cancellable operating leases expiring within five years with an option to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 23. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|------------------------------|------------------|----------------|
| | 2016 US\$ | 2015 US\$ |
| Short-term employee benefits | 819,650 | 433,042 |
| Post-employment benefits | 1,894 | - |
| Share-based payments | 1,008,853 | - |
| | <u>1,830,397</u> | <u>433,042</u> |

Note 24. Related party transactions

Parent entity

AHAlife Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

| | Parent | |
|----------------------------|--------------------|--------------------|
| | 2016 US\$ | 2015 US\$ |
| Loss after income tax | <u>(1,876,565)</u> | <u>(1,432,374)</u> |
| Total comprehensive income | <u>(1,876,565)</u> | <u>(1,432,374)</u> |

Note 25. Parent entity information (continued)

Statement of financial position

| | Parent | |
|---------------------------|--------------|--------------|
| | 2016 US\$ | 2015 US\$ |
| Total current assets | 69,121 | 523,123 |
| Total assets | 18,102,986 | 523,123 |
| Total current liabilities | 120,279 | 871,533 |
| Total liabilities | 120,279 | 871,533 |
| Equity | | |
| Contributed equity | 18,605,260 | 6,149,612 |
| Other reserves | 1,254,012 | 61,787 |
| Accumulated losses | (1,876,565) | (6,559,809) |
| Total equity/(deficiency) | 17,982,707 | (348,410) |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Parent entity information

Parent entity financial information relates to AHAlife Holdings Limited (formerly INT Corporation Limited). As detailed in note 2, AHAlife Holdings Limited is 'the legal parent' of the consolidated entity with effect from 25 July 2015. The information for the periods represents the standalone financial information of the parent entity, stated in US dollars.

The comparative financial information are not part of the consolidated entity's financial position or performance for the 30 June 2015.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|------------------------|---|--------------------|-----------|
| | | 2016 % | 2015 % |
| AHA Life Holdings Inc. | United States of America | 100.00% | 100.00% |
| AMS Commerce LLC | United States of America | 100.00% | 100.00% |
| AHA Life LLC | United States of America | 100.00% | 100.00% |
| Mediamerx, Inc. | United States of America | 100.00% | 100.00% |

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated 2016 US\$ | 2015 US\$ |
|--|------------------------------|--------------------|
| Loss after income tax expense for the year | (14,766,291) | (4,745,817) |
| Adjustments for: | | |
| Depreciation and amortisation | 97,826 | 35,034 |
| Share-based payments | 1,096,753 | 86,847 |
| Other expenses - non-cash | 5,598,053 | - |
| Financing expenses | 725,998 | - |
| Change in operating assets and liabilities: | | |
| Increase in inventories | (43,341) | (45,846) |
| Increase in prepayments | (31,774) | - |
| Increase in other operating assets | (17,443) | (1,717) |
| Increase in trade and other payables | 291,221 | 312,918 |
| Increase/(decrease) in other operating liabilities | 87,378 | (14,735) |
| Net cash used in operating activities | <u>(6,961,620)</u> | <u>(4,373,316)</u> |

Note 28. Earnings per share

| | Consolidated 2016 US\$ | 2015 US\$ |
|---|------------------------------|--------------------|
| Loss after income tax attributable to the owners of AHAlife Holdings Limited | <u>(14,766,291)</u> | <u>(4,745,817)</u> |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | <u>155,004,779</u> | <u>96,693,677</u> |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>155,004,779</u> | <u>96,693,677</u> |
| | Cents | Cents |
| Basic earnings per share | (9.53) | (4.91) |
| Diluted earnings per share | (9.53) | (4.91) |

The weighted average number of ordinary shares for the comparative period has been adjusted to give effect to capital reorganisation which occurred during the financial year.

Note 29. Share-based payments

Share Plans

The consolidated entity maintains Stock Plans, Executive Options, Performance Rights, Performance Options, Loan Shares and the Consideration Options, all of which are collectively referred to as the 'Share Plans'. Under the Share Plans, share options or rights to purchase ordinary shares in company have been granted to eligible participants.

Executive Options, Performance Rights, Performance Options and Loan Shares were granted on 27 July 2015 for a term of 4 or 4.5 years and have exercise prices ranging from US\$nil to US\$0.30. These options vest between 1.5 and 4.5 years, contingent upon employment or service with the consolidated entity on the vesting date and have certain vesting conditions including: volume weighted average prices; consolidated entity revenue targets; and/or cash flow targets. A total of US\$971,472 (2015: US\$nil) was expensed to profit or loss in relation to these options and rights during the financial year.

Note 29. Share-based payments (continued)

Consideration Options were granted on 27 July 2015 in exchange for options previously issued by AHAlife Holdings Inc. for a term of 10 years from grant date and have exercise prices ranging from US\$0.09 to US\$0.40. These options vest immediately or between 2.5 and 4 years contingent upon continued employment/service with the consolidated entity on the vesting date. A total of US\$25,686 (2015: US\$86,847) was expensed to profit or loss in relation to these options during the financial year.

Performance Rights were granted on 23 March 2016 for a term of 2 years and have a nil exercise price. These options vest between 1 and 2 years, contingent upon employment or service with the consolidated entity on the vesting date and have certain vesting conditions including: consolidated entity revenue targets; and/or cash flow targets. A total of US\$99,595 (2015: US\$nil) was expensed to profit or loss in relation to these rights during the financial year.

Set out below are summaries of options granted under the plan:

2016

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted* | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|------------|-------------|---------------------------|--------------------------------|
| 30/11/2011 | 22/02/2018 | A\$40.000 | 1,313 | - | - | - | 1,313 |
| 16/07/2014 | 30/06/2017 | A\$0.200 | 3,250,001 | - | (375,000) | - | 2,875,001 |
| 16/07/2014 | 16/07/2017 | A\$0.200 | 637,500 | - | (62,500) | - | 575,000 |
| 16/07/2014 | 16/07/2017 | A\$0.200 | 637,500 | - | - | - | 637,500 |
| 27/07/2015 | 08/11/2022 | US\$0.091 | - | 1,858,332 | - | - | 1,858,332 |
| 27/07/2015 | 18/08/2024 | US\$0.094 | - | 1,109,885 | - | - | 1,109,885 |
| 27/07/2015 | 05/10/2021 | US\$0.085 | - | 3,841,044 | (3,363,622) | - | 477,422 |
| 27/07/2015 | 26/10/2021 | US\$0.085 | - | 163,285 | - | - | 163,285 |
| 27/07/2015 | 01/06/2022 | US\$0.207 | - | 188,907 | (85,384) | - | 103,523 |
| 27/07/2015 | 08/11/2022 | US\$0.091 | - | 195,142 | - | - | 195,142 |
| 27/07/2015 | 22/03/2023 | US\$0.098 | - | 326,564 | - | - | 326,564 |
| 27/07/2015 | 31/07/2023 | US\$0.098 | - | 63,720 | - | - | 63,720 |
| 27/07/2015 | 19/08/2024 | US\$0.095 | - | 581,450 | - | - | 581,450 |
| 27/07/2015 | 27/07/2025 | US\$0.400 | - | 858,919 | - | (652,142) | 206,777 |
| 27/07/2015 | 27/07/2019 | A\$0.200 | - | 5,000,000 | - | - | 5,000,000 |
| 27/07/2015 | 27/01/2020 | A\$0.450 | - | 4,000,000 | - | - | 4,000,000 |
| 27/07/2015 | 27/07/2019 | A\$0.300 | - | 5,000,000 | - | - | 5,000,000 |
| | | | 4,526,314 | 23,187,248 | (3,886,506) | (652,142) | 23,174,914 |

* Options granted includes 4,000,000 options issued under Loan funded share plan. Refer to Note 15 for further details.

8,676,392 options outstanding as at 30 June 2016 is vested and exercisable.

The weighted average share price during the financial year was US\$0.3513 (A\$ 0.4833).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.1 years.

Set out below are summaries of performance rights granted under the plan:

2016

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted* | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|-----------|-----------|---------------------------|--------------------------------|
| 27/07/2015 | 27/07/2019 | A\$1.200 | - | 5,000,000 | - | - | 5,000,000 |
| 23/03/2016 | N/A | N/A | - | 1,635,000 | - | - | 1,635,000 |
| | | | - | 6,635,000 | - | - | 6,635,000 |

* Performance rights disclosed above includes 1,635,000 rights which is subject to shareholder approval at the Annual General Meeting.

Note 29. Share-based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 27/07/2015 | 08/11/2022 | A\$0.450 | US\$0.091 | 56.00% | - | 0.66% | US\$0.030 |
| 27/07/2015 | 18/08/2024 | A\$0.450 | US\$0.094 | 66.00% | - | 1.64% | US\$0.050 |
| 27/07/2015 | 05/10/2021 | A\$0.450 | US\$0.085 | 39.00% | - | 0.97% | US\$0.030 |
| 27/07/2015 | 26/10/2021 | A\$0.450 | US\$0.085 | 66.00% | - | 1.03% | US\$0.050 |
| 27/07/2015 | 01/06/2022 | A\$0.450 | US\$0.207 | 56.00% | - | 0.66% | US\$0.040 |
| 27/07/2015 | 08/11/2022 | A\$0.450 | US\$0.091 | 56.00% | - | 0.66% | US\$0.040 |
| 27/07/2015 | 22/03/2023 | A\$0.450 | US\$0.975 | 51.00% | - | 0.81% | US\$0.040 |
| 27/07/2015 | 31/07/2023 | A\$0.450 | US\$0.975 | 70.00% | - | 1.42% | US\$0.060 |
| 27/07/2015 | 19/08/2024 | A\$0.450 | US\$0.946 | 66.00% | - | 1.64% | US\$0.050 |
| 27/07/2015 | 27/07/2025 | A\$0.450 | US\$0.400 | 50.00% | - | 1.84% | A\$0.190 |
| 27/07/2015 | 27/07/2019 | A\$0.450 | A\$0.200 | 50.00% | - | 1.90% | A\$0.025 |
| 27/07/2015 | 27/01/2020 | A\$0.450 | A\$0.450 | 50.00% | - | 1.93% | A\$0.015 |
| 27/07/2015 | 27/07/2019 | A\$0.450 | A\$0.300 | 50.00% | - | 1.90% | A\$0.240 |

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|-------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 27/07/2015 | 27/07/2019 | A\$0.450 | A\$0.300 | 50.00% | - | 1.96% | US\$0.240 |

The performance rights granted on 23 March 2016 were valued using the share price on grant date of A\$0.37.

Note 30. Events after the reporting period

On 21 July 2016, the consolidated entity agreed to acquire the assets of another business by the name of Kaufmann-Mercantile in exchange for 415,535 new fully paid ordinary shares will be issued in August 2016 to the vendors of Kaufmann Mercantile.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Mike Hill', with a horizontal line underneath it.

Mike Hill
Chairman

15 August 2016

Independent auditor's report to the members of AHAlife Holdings Limited

Report on the financial report

We have audited the accompanying financial report of AHAlife Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

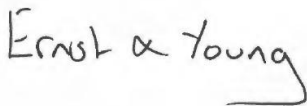
- a. the financial report of AHAlife Holdings Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AHAlife Holdings Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



Ernst & Young



Julian M. O'Brien
Partner
Sydney

15 August 2016

| | |
|----------------------------------|---|
| Directors | <p>Mike Hill - Non-Executive Chairman Shauna Mei - Chief Executive Officer Sachin Devand - President and Chief Technology Officer Michael Everett - Non-Executive Director Christopher Colfer - Non-Executive Director</p> |
| Company secretary | Andrew Whitten |
| Notice of annual general meeting | <p>Level 29, 201 Elizabeth Street, Sydney, NSW 2000 Australia 9:00 AM on Thursday 6 October 2016</p> |
| Registered office | <p>Level 29, Elizabeth Street Sydney, NSW 2000 Australia Tel: 1300 266 517 or +61 2 8072 1400</p> |
| Principal place of business | <p>147 Front Street Brooklyn, NY 11201 United States of America</p> |
| Share register | <p>Link Market Services Limited Level 4 Central Park 152 St Georges Terrace Perth, WA 6000, Australia Tel: 1300 554 474</p> |
| Auditor | <p>Ernst & Young 200 George Street Sydney, NSW 2000</p> |
| Stock exchange listing | AHAlife Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: AHL) |
| Website | http://www.ahalife.com |
| Corporate Governance Statement | The Corporate governance statement which is approved at the same time as the Annual Report can be found at www.ahalifeholdings.com.au/corporate-governance-and-corporate-directory/ |

The shareholder information set out below was applicable as at 9 August 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares | Number of holders of options over ordinary shares |
|---------------------------------------|--------------------------------------|---|
| 1 to 1,000 | 2,897 | - |
| 1,001 to 5,000 | 134 | - |
| 5,001 to 10,000 | 54 | - |
| 10,001 to 100,000 | 236 | 15 |
| 100,001 and over | 127 | 19 |
| | 3,448 | 34 |
| Holding less than a marketable parcel | - | - |

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares Number held | % of total shares issued |
|---|--------------------------------|-----------------------------|
| DCM VI, L.P. | 21,419,289 | 13.05 |
| SHAUNA MEI | 17,206,795 | 10.48 |
| FIRSTMARK CAPITAL I, L.P. | 13,594,467 | 8.28 |
| CITICORP NOMINEES PTY LIMITED | 10,088,254 | 6.15 |
| RAKUTEN USA INC | 9,899,340 | 6.03 |
| CS FOURTH NOMINEES PTY LIMITED | 9,293,720 | 5.66 |
| SACHIN DEVAND | 7,535,078 | 4.59 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 4,784,443 | 2.91 |
| SST HOLDINGS, INCORPORATED | 3,057,416 | 1.86 |
| SSC VENTURE FUND LLC | 2,969,801 | 1.81 |
| UBS NOMINEES PTY LTD | 2,649,164 | 1.61 |
| BRISPOT NOMINEES PTY LTD | 2,116,133 | 1.29 |
| E&A NEW YORK INVESTMENTS LIMITED | 1,979,865 | 1.21 |
| ONMELL PTY LTD | 1,955,555 | 1.19 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3 | 1,794,243 | 1.09 |
| TEJPAUL BHATIA | 1,707,726 | 1.04 |
| ARCHIBALD COX | 1,589,994 | 0.97 |
| PRINCE PARTNERS LP | 1,473,526 | 0.90 |
| RENAUD DUTREIL | 1,473,526 | 0.90 |
| ACADIA WOODS PARTNERS, LLC | 1,181,096 | 0.72 |
| | 117,769,431 | 71.74 |

Unquoted equity securities

| | Number on issue | Number of holders |
|-------------------------------------|--------------------|----------------------|
| Options over ordinary shares issued | 18,857,890 | 34 |

Substantial holders

Substantial holders in the company are set out below:

| | Number held | Ordinary shares % of total shares issued |
|-------------------------------|-------------|---|
| DCM VI, L.P. | 21,419,289 | 13.05 |
| SHAUNA MEI | 17,206,795 | 10.48 |
| FIRSTMARK CAPITAL I, L.P. | 13,594,467 | 8.28 |
| CITICORP NOMINEES PTY LIMITED | 10,088,254 | 6.15 |
| RAKUTEN USA INC | 9,899,340 | 6.03 |

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

| Class | Expiry date | Number of shares |
|---|--|---------------------|
| Ordinary shares - Escrowed shares - mandatory and treasury shares | 13 July 2017 | 24,741,873 |
| Ordinary shares - Escrowed shares - voluntary | The earlier of (a) 16/08/2016 or (b) seven days following the release of the company's semi-annual financial report (as required by the Listing Rules and/or the ASX) covering the six month period ending 30 June 2016. | 53,525,661 |
| | | <u>78,270,034</u> |