



THE LIVE MARKETING PLATFORM FOR HEALTH AND FITNESS

OLIVEX (HK) LIMITED

(Company Number 2516003)

Financial Report for Half-Year

31 December 2019

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OliveX (HK) Limited (Company Number 2516003)
Directors' report
For the Half-Year Ended 31 December 2019

The directors present their report, together with the financial statements of OliveX (HK) Limited (Company No 2516003) (hereafter referred to as the "Company"), for the half-year ended 31 December 2019.

The sole director of the Company is Keith Rumjahn.

Principal activities

The principal activities of the Company during the financial period were that of a technology company which aims to improve the health and fitness of its users through gamification, coaching and artificial intelligence (AI) from its suite of technology products – all of which are developed in-house. The focus in the health and fitness industry stems from the growing concerns about obesity (described by the World Health Organization as a global epidemic affecting more than 2 billion people) and the social impacts of obesity, including on health care, government spending and quality of life.

Operating results

The Company recorded a net loss after tax for the half-year ended 31 December 2019 of \$413,306 and a net profit after tax of \$51,451 for the half-year ended 31 December 2018.

State of Affairs of the Company

No significant changes in the Company's state of affairs occurred during the half-year.

Dividends

No dividends were declared and paid during the half-year.

Events after balance date

Subsequent to balance date, the shareholders of the Company agreed to swap their shares in OliveX (HK) Limited for shares in OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, as part of a approved process to list the Company on the National Stock Exchange during the first half of 2020. As at listing OliveX Holdings Limited will hold 100% of the shares in the Company. Further, the Company has entered into an agreement with SAFE holders to transfer their rights to shares in the Company to OliveX Holdings Limited in order for the SAFE holders realise the Liquidity Event through the issue of shares in OliveX Holdings Limited.

On 28 April 2020, the Company received a letter of support from OliveX Holdings Limited, where OliveX Holdings Limited confirmed that:

- the loan of \$360,000 is unsecured, interest free and is repayable on demand;
- the Company will not be called upon to repay the loan for a period of twelve months from the date of the audit report;
- OliveX Holdings Limited is in the process of completing an initial public offering; and
- OliveX Holdings will continue to provide ongoing financial support to the Company for at least a period of twelve months following the date of the audit report.

On January 30, 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's revenues, its results, and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Company will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

Signed



Keith Rumjahn
Sole Director

11 June 2020

OliveX (HK) Limited (Company Number 2516003)
Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue	3	271,062	314,648
Cost of sales		(34,336)	(7,395)
Gross profit		236,726	307,253
Other income		168	12
Consulting		(131,385)	(6,001)
Depreciation		(618)	(14)
Employee benefits		(242,857)	(61,155)
Exchange fluctuation		4,888	311
Finance costs		(96,736)	(22,073)
Marketing		(125,328)	(9,948)
Office costs		(22,493)	(1,583)
Research and development costs		(24,307)	(138,366)
Travel and accommodation		(8,279)	(3,549)
Other		(3,085)	(7,216)
(Loss)/profit before tax		(413,306)	57,671
Taxation		-	(6,220)
(Loss)/profit after tax		(413,306)	51,451
Other comprehensive (loss)/income		-	-
Total comprehensive (loss)/income		(413,306)	51,451

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements

OliveX (HK) Limited (Company Number 2516003)
Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash		383,399	890,667
Receivables	4	186,737	37,150
Inventories		17,582	16,991
Other financial assets	5	100,000	-
Other current assets		49,703	44,062
		<u>737,421</u>	<u>988,870</u>
Non-current assets			
Property, plant and equipment		<u>5,399</u>	<u>6,017</u>
Total assets		<u>742,820</u>	<u>994,887</u>
Liabilities			
Current liabilities			
Payables	6	102,365	52,862
Other financial liabilities	7	1,526,899	1,415,163
Borrowings		<u>360,000</u>	<u>360,000</u>
		<u>1,989,264</u>	<u>1,828,025</u>
Total liabilities		<u>1,989,264</u>	<u>1,828,025</u>
Net assets		<u>(1,246,444)</u>	<u>(833,138)</u>
Equity			
Share capital		200,000	200,000
Reserves		50,000	50,000
Accumulated losses		<u>(1,496,444)</u>	<u>(1,083,138)</u>
Net deficit in total equity		<u>(1,246,444)</u>	<u>(833,138)</u>

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statement

OliveX (HK) Limited (Company Number 2516003)
Statement of Changes in Equity
For the Half-Year Ended 31 December 2019

	Share Capital	Share Premium	Accumulated Losses	Total Equity
As at 30 June 2018	200,000	50,000	(656,826)	(406,826)
Net profit for the period	-	-	51,451	51,451
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	51,451	51,451
As at 31 December 2018	200,000	50,000	(605,375)	(365,375)
As at 30 June 2019	200,000	50,000	(1,083,138)	(833,138)
Net profit for the period	-	-	(413,306)	(413,306)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(413,306)	(413,306)
As at 31 December 2019	200,000	50,000	(1,496,444)	(1,246,444)

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statement

OliveX (HK) Limited (Company Number 2516003)
Statement of Cash Flows
For the Half-Year Ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Cash flows from/(used) in operating activities			
Receipts from customers		150,759	670,279
Payments to employees and suppliers		(524,852)	(721,296)
Research and development costs		(24,307)	(138,366)
Interest received		168	12
Tax paid		-	(6,220)
Net cash flows from/(used) in operating activities		(398,232)	(195,591)
Cash flows from/(used) in investing activities			
Short-term advance (provided) repaid		(28,924)	-
Other financial assets		(100,000)	-
Purchase of property, plant and equipment		-	(436)
Net cash flows from/(used) in investing activities		(128,924)	(436)
Cash flows from financing activities			
Proceeds from other financial liabilities		15,000	240,000
Net cash flows from financing activities		15,000	240,000
Net cash flows		(512,156)	43,973
Cash and cash equivalents as at the start of the financial period		890,667	1,115
Changes in foreign currency held		4,888	311
Cash and cash equivalents as at the end of the financial period		383,399	45,399

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements

NOTE 1 CORPORATE INFORMATION

These financial statements and notes to the accounts comprise OliveX (HK) Limited an entity incorporated and the laws and regulations of the Special Administrative Region of Hong Kong for the half-year ended 31 December 2019.

The registered office and the principal office of the Company is 1 Cyberport, Cyberport Road, Cyberport, Hong Kong.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11 June 2020.

a. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019.

All amounts are presented in US dollars, unless otherwise noted.

b. Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a loss of \$413,306 and had net cash outflows from operating activities of \$398,232 for the half-year ended 31 December 2019. As at that date the Company had net liabilities of \$1,246,444. In addition, as disclosed in Note 8, of the financial statements the COVID-19 pandemic may have an adverse impact on the Company's revenues, its results, its supply chain, and its ability to source funding for the next year.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company has cash and cash equivalents of \$383,399 as at 31 December 2019.
- The Company's parent entity, OliveX Holdings Limited is in the process of completing an Initial Public Offering ("IPO") on the National Stock Exchange and is expected to raise between \$2-\$3 million in equity funding. The process is its advanced stages and the directors are confident the listing will proceed. OliveX Holdings Limited has agreed to continue to provide ongoing financial support to OliveX (HK) Limited to enable it to pay its debts as and when they fall due and to continue its normal business operations. This financial support shall be unconditional and irrevocable for at least the period of twelve months following the date of the audit report to be given in respect of the period ending 31 December 2019.
- Included in Note 7 are SAFE instruments carried at a value of \$1,526,899. These instruments are required to be settled in equity and consequently will have no adverse effect on funding.
- Included in current liabilities is a loan from a related entity, OliveX Holdings Limited, of \$360,000. OliveX Holdings Limited, will, following the ownership restructure, become the ultimate parent entity of the Company, and accordingly, has confirmed that it will not call upon OliveX (HK) Limited to repay the loan for a period of twelve months from the date of the audit report to be given in respect of the year ending 30 June 2019.
- The Company has the ability to scale back a significant portion of its development activities, if required.

Accordingly, the board of directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

a. Financial Instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(iv) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

b. New standards, interpretations and amendments adopted by the Company

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

NOTE 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

AASB 16 Leases

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

NOTE 3 REVENUE

	31 December 2019 \$	31 December 2018 \$
Major product lines		
Services	226,412	290,000
Apps and games revenue	22,159	24,648
Mirrors sales	22,491	-
	<u>271,062</u>	<u>314,648</u>
Timing of revenue recognition		
Goods transferred at a point in time	44,650	24,648
Services transferred over time	226,412	290,000
	<u>271,062</u>	<u>314,648</u>

NOTE 4 RECEIVABLES

	31 December 2019 \$	31 December 2018 \$
Trade receivables	157,813	37,150
Amimoca entities	28,924	-
	<u>186,737</u>	<u>37,150</u>

Receivables are non-interest bearing and are generally on 30 to 90-day terms.

NOTE 5 OTHER FINANCIAL ASSETS

	31 December 2019 \$	30 June 2019 \$
Convertible security	<u>100,000</u>	<u>-</u>

The Company entered into a convertible security agreement with actiMirror Corporation, an entity incorporated under the laws and regulations of Hong Kong Special Administrative Region Limited, the supplier of mirrors to the Company on 9 July 2019.

The convertible security has a mandatory conversion clause on the occurrence of a qualified financing event with the Company entitled to 100,000 preferred shares in actiMirror Corporation at a par value of US\$1 per preferred share.

NOTE 5 OTHER FINANCIAL ASSETS (CONT'D)

A qualified financing event will occur on a change of control arising on sale of all or substantially all of actiMirror assets or shares or a merger where current shareholders hold less than 50% of the merged entity. A qualified financing is also defined as an IPO or an equity raising by actiMirror of at least US\$250,000.

The preferred shares entitle the Company to a Tag-along or Drag-along rights under a shareholders agreement as well as priority on liquidation. The preferred shares do not disclose any dividend entitlement.

NOTE 6 PAYABLES

	31 December 2019 \$	30 June 2019 \$
Trade payables	102,365	52,862

Trade payables are non-interest bearing and arise from the usual operating activities of the Company.

NOTE 7 OTHER FINANCIAL LIABILITIES

a. SAFE Instruments-conversion rights

	31 December 2019 \$	30 June 2019 \$
Opening balance	272,707	75,131
Additions	1,515	197,576
Transfers to equity	-	-
Closing balance	274,222	272,707

The Company issued SAFE Tranche 1B for \$240,000 (2019: \$440,000) and SAFE Tranche 2 for \$846,045 with a further \$15,000 in the second half of 2019. These instruments incorporate as a principal term rights to convert the SAFE into equity instruments on the occurrence of a Liquidity Event.

The amount recorded as a other financial liabilities represents the determination of the conversion rights by applying the effective interest rate for SAFE instruments

On the restructuring of the Company and the transfer of these financial instruments to OliveX Holdings Limited, OliveX Holdings Limited will assume responsibility for the obligations of the Company under the SAFE to the Investors.

b. Other financial liabilities – SAFE Instruments-amortised cost

	31 December 2019 \$	30 June 2019 \$
SAFE		
Current portion	1,252,677	1,142,456
Non-current portion	-	-
	1,252,677	1,142,456
Opening balance	1,142,456	141,565
SAFE issue	15,000	1,086,045
Finance cost	96,736	112,422
Fair value adjustment	(1,515)	(197,576)
Closing balance	1,252,677	1,142,456

NOTE 7 OTHER FINANCIAL LIABILITIES (CONT'D)

	31 December 2019 \$	30 June 2019 \$
Present value	1,252,677	1,142,456
Finance costs	43,368	143,589
	<u>1,296,045</u>	<u>1,286,045</u>

During the financial year, the Company issued \$15,000 in SAFE Tranche 2 instrument.

SAFE Tranche 1 entitle the subscribers to a 20% discount on the listing price of the ordinary shares of the Company or its successor entity and SAFE Tranche 2 entitle the subscribers to a 15% discount on the listing price of the Company or its successor entity.

The Company has determined that the SAFE instruments are financial liabilities and accordingly, recorded these instruments on an amortised cost basis using the effective interest rate method of 21% (Tranche 1) and 16% (Tranche 2). The difference between proceeds from the SAFE instrument and the carrying value of the SAFE instrument at inception is recorded as the conversion rights.

	31 December 2019 \$	30 June 2019 \$
Other financial liabilities		
SAFE instrument-amortised cost	1,252,677	1,142,456
SAFE instrument-conversion rights	274,222	272,707
Total other financial liabilities	<u>1,526,899</u>	<u>1,415,163</u>

NOTE 8 EVENTS AFTER BALANCE DATE

Subsequent to balance date, the shareholders of the Company agreed to swap their shares in OliveX (HK) Limited for shares in OliveX Holdings Limited, an entity incorporated under the laws and regulations of the Commonwealth of Australia, as part of a approved process to list the Company on the National Stock Exchange during the first half of 2020. As at listing OliveX Holdings Limited will hold 100% of the shares in the Company. Further, the Company has entered into an agreement with SAFE holders to transfer their rights to shares in the Company to OliveX Holdings Limited in order for the SAFE holders realise the Liquidity Event through the issue of shares in OliveX Holdings Limited.

On 28 April 2020, the Company received a letter of support from OliveX Holdings Limited, where OliveX Holdings Limited confirmed that:

- the loan of \$360,000 is unsecured, interest free and is repayable on demand;
- the Company will not be called upon to repay the loan for a period of twelve months from the date of the audit report;
- OliveX Holdings Limited is in the process of completing an initial public offering; and
- OliveX Holdings will continue to provide ongoing financial support to the Company for at least a period of twelve months following the date of the audit report.

On January 30, 2020, the World Health Organisation declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared COVID-19 a pandemic. The operations of the Company could be negatively impacted by the regional and global outbreak of COVID-19 and may impact the Company's revenues, its results, and its ability to source funding for the next reporting year.

As at the date of this report, the full effect of the outbreak remains uncertain. The effects are likely to be significant but cannot be reliably estimated or quantified. The Company will monitor the ongoing developments and be proactive in mitigating the impact on its operations.

NOTE 9 CONTINGENT LIABILITIES AND COMMITMENTS

The Company had no contingent liabilities and commitments outstanding at balance date 31 December 2019.

OliveX (HK) Limited (Company Number 2516003)
Directors' declaration
For the Half-Year Ended 31 December 2019

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the *requirements of the members*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Keith Rumjahn
Sole Director

11 June 2020

RSM Australia Pty Ltd**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OLIVEX (HK) LIMITED**Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

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www.rsm.com.au**Report on the Half-Year Financial Report**

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

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the accounting policies described in Note 1 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *accounting policies described in Note 1 including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting*. As the auditor of OliveX (HK) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of OliveX (HK) Limited is not in accordance with the accounting policies described in Note 1 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with the accounting policies described in Note 1 as well as the Accounting Standard AASB 134 *Interim Financial Reporting*.

RSM

RSM AUSTRALIA PTY LTD

G N Sherwood *GNS*

G N Sherwood
Director

Sydney, NSW
Dated: 12 June 2020