

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Design Milk Co Limited
ABN:	15 006 908 701
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

**2. Results for announcement to the market**

			US\$
Revenues from ordinary activities	up	16.2% to	614,545
Loss from ordinary activities after tax attributable to the owners of Design Milk Co Limited	down	44.5% to	(516,667)
Loss for the half-year attributable to the owners of Design Milk Co Limited	down	44.5% to	(516,667)

*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\$516,667 (31 December 2019: US\$930,695).

For further commentary please refer to the ASX announcement accompanying this Appendix 4D.

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.13	1.60

The net tangible assets per ordinary security is calculated based on 28,008,736 ordinary shares (30 June 2020: 26,599,771 ordinary shares) that would have been in existence had the share-consolidation occurred at the end of the respective reporting periods. Refer to note 13 'Events after the reporting period' for further details.

**4. Audit qualification or review**

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

**5. Attachments**

*Details of attachments (if any):*

The Interim Report of Design Milk Co Limited for the half-year ended 31 December 2020 is attached.

6. Signed

As authorised by the Board of Directors

A handwritten signature in blue ink, consisting of a series of connected loops and a final horizontal stroke.

Signed \_\_\_\_\_

Date: 25 February 2021

Mike Hill  
Chairman  
Sydney

# **Design Milk Co Limited**

**(Formerly known as AHAlife Holdings Limited)**

**ABN 15 006 908 701**

**Interim Report - 31 December 2020**

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Contents**  
**31 December 2020**

Directors' report	2
Auditor's independence declaration	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	16
Independent auditor's review report to the members of Design Milk Co Limited	17
Corporate directory	19

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Directors' report**  
**31 December 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Design Milk Co Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

**Directors**

The following persons were directors of Design Milk Co Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mike Hill - Chairman  
Michael Everett  
Christopher Colfer  
Arnaud Massenet

**Principal activities**

During the financial half-year, the principal continuing activity of the consolidated entity was the sale of premium lifestyle and design products through multiple e-commerce platforms.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to US\$516,667 (31 December 2019: US\$930,695).

For further commentary please refer to the ASX announcement accompanying this directors' report.

**Significant changes in the state of affairs**

During the financial half-year, the company's name was changed to Design Milk Co Limited (formerly known as AHAlife Holdings Limited).

On 24 December 2020, the company announced capital raising through the issue of shares to new and existing investors for an amount up to US\$1,931,000 (before costs) and a further US\$200,000 through the Share Purchase Plan ('SPP').

As part of this announcement, on 31 December 2020, the company completed Tranche 1 capital raising of US\$325,556 (before costs) resulting in the issue of 70,448,275 ordinary shares. SPP was completed subsequent to the financial half-year in February 2021. Tranche 2 capital raising is expected to be completed in the third quarter of the financial year 2021.

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

**Matters subsequent to the end of the financial half-year**

On 1 February 2021, the company completed a share purchase plan raising capital of US\$224,754 (before costs) resulting in the issue of 49,775,823 ordinary shares.

On 12 February 2021, the shareholders approved share consolidation (issuing one share for every 50 shares held) with a record date of 17 February 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 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.

**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.

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Directors' report**  
**31 December 2020**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Mike Hill  
Chairman

25 February 2021  
Sydney

## Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001* to the Directors of Design Milk Co Limited

As lead auditor for the review of the half-year financial report of Design Milk Co Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,  
**Crowe Sydney**



**Barbara Richmond**  
Partner

25 February 2021  
Sydney

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>US\$</b>	<b>US\$</b>
<b>Revenue</b>			
Commission from sale of goods		288,005	123,576
Advertising revenue		326,538	402,437
Total sales revenue	5	614,543	526,013
Interest revenue calculated using the effective interest method		2	2,719
<b>Expenses</b>			
Employee benefit expenses		(746,196)	(866,795)
Marketing expenses		(146,675)	(180,808)
Technology expenses		(72,267)	(128,501)
Freight and warehousing expenses		(39,382)	(29,159)
Occupancy and administrative expenses		(49,575)	(7,218)
Professional fees		(56,167)	(140,036)
Depreciation and amortisation expenses		(15,277)	(50,205)
Other expenses		-	(52,606)
Finance costs		(5,673)	(4,099)
<b>Loss before income tax expense</b>		(516,667)	(930,695)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Design Milk Co Limited</b>		(516,667)	(930,695)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		41,575	(46,708)
Other comprehensive income for the half-year, net of tax		41,575	(46,708)
<b>Total comprehensive income for the half-year attributable to the owners of Design Milk Co Limited</b>		(475,092)	(977,403)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12	(1.94)	(4.68)
Diluted earnings per share	12	(1.94)	(4.68)

Refer to note 3 for detailed information on Restatement of comparatives.

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



Design Milk Co Limited  
(Formerly known as AHAlife Holdings Limited)  
Statement of financial position  
As at 31 December 2020

	Note	Consolidated 31 Dec 2020 US\$	30 June 2020 US\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		743,171	837,566
Trade and other receivables		134,333	46,797
Inventories		9,771	12,338
Other assets		64,900	66,204
Total current assets		<u>952,175</u>	<u>962,905</u>
<b>Non-current assets</b>			
Property, plant and equipment		4,784	5,622
Intangibles	6	<u>1,220,833</u>	<u>1,233,333</u>
Total non-current assets		<u>1,225,617</u>	<u>1,238,955</u>
<b>Total assets</b>		<u>2,177,792</u>	<u>2,201,860</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	286,892	231,916
Borrowings	8	150,427	95,443
Contract liabilities		126,874	96,067
Other liabilities		15,914	5,473
Total current liabilities		<u>580,107</u>	<u>428,899</u>
<b>Non-current liabilities</b>			
Borrowings	8	<u>59,731</u>	<u>114,715</u>
Total non-current liabilities		<u>59,731</u>	<u>114,715</u>
<b>Total liabilities</b>		<u>639,838</u>	<u>543,614</u>
<b>Net assets</b>		<u>1,537,954</u>	<u>1,658,246</u>
<b>Equity</b>			
Contributed equity	9	55,219,247	54,893,691
Reserves		1,732,680	1,661,861
Accumulated losses		<u>(55,413,973)</u>	<u>(54,897,306)</u>
<b>Total equity</b>		<u>1,537,954</u>	<u>1,658,246</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Design Milk Co Limited  
(Formerly known as AHAlife Holdings Limited)  
Statement of changes in equity  
For the half-year ended 31 December 2020

Consolidated	Contributed equity US\$	Reserves US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 July 2019	53,296,618	1,105,646	(52,939,100)	1,463,164
Loss after income tax expense for the half-year	-	-	(930,695)	(930,695)
Other comprehensive income for the half-year, net of tax	-	(46,708)	-	(46,708)
Total comprehensive income for the half-year	-	(46,708)	(930,695)	(977,403)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	768,046	-	-	768,046
Share-based payments	-	139,364	-	139,364
Balance at 31 December 2019	<u>54,064,664</u>	<u>1,198,302</u>	<u>(53,869,795)</u>	<u>1,393,171</u>
Consolidated	Contributed equity US\$	Reserves US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 July 2020	54,893,691	1,661,861	(54,897,306)	1,658,246
Loss after income tax expense for the half-year	-	-	(516,667)	(516,667)
Other comprehensive income for the half-year, net of tax	-	41,575	-	41,575
Total comprehensive income for the half-year	-	41,575	(516,667)	(475,092)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	325,556	-	-	325,556
Share-based payments	-	29,244	-	29,244
Balance at 31 December 2020	<u>55,219,247</u>	<u>1,732,680</u>	<u>(55,413,973)</u>	<u>1,537,954</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,258,041	786,315
Payments to suppliers and employees	(1,620,924)	(1,509,406)
Interest received	2	2,719
Interest and other finance costs paid	(5,673)	(4,099)
Net cash used in operating activities	(368,554)	(724,471)
<b>Cash flows from investing activities</b>		
Payment of deferred consideration on acquisition of business	-	(500,000)
Payments for property, plant and equipment	(1,939)	-
Net cash used in investing activities	(1,939)	(500,000)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	276,098	797,221
Share issue transaction costs	-	(29,175)
Proceeds from sub-lease receivables	-	176,666
Repayment of lease liabilities	-	(163,715)
Net cash from financing activities	276,098	780,997
Net increase/(decrease) in cash and cash equivalents	(94,395)	(443,474)
Cash and cash equivalents at the beginning of the financial half-year	837,566	796,265
Cash and cash equivalents at the end of the financial half-year	743,171	352,791

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. General information**

The financial statements cover Design Milk Co Limited ('company' or 'parent') as a consolidated entity consisting of Design Milk Co Limited and the entities it controlled at the end of, or during, the half-year ('consolidated entity'). The financial statements are presented in United States dollars, which is Design Milk Co Limited's presentation currency. The functional currency of AHAlife Holdings Inc. is United States dollars and Design Milk Co Limited is Australian dollars. AHAlife Holdings Inc is a 100% controlled subsidiary and the main operating entity of the consolidated entity.

During the financial half-year, the company's name was changed to Design Milk Co Limited (formerly known as AHAlife Holdings Limited).

Design Milk Co 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 5, 126 Phillip Street  
Sydney, NSW 2000  
Australia

**Principal place of business**

1209 Hill Rd N  
Ste 256  
Pickerington, OH 43147  
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 25 February 2021. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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.

**Revenue Recognition:**

The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers:*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with the customer at the point when the customer has placed an order; identifies the performance obligation in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when the performance obligation is satisfied.

## Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, reflects concessions provided to the customer such as promotional discounts, the right of the customer to return the goods or services, the redemption of store credit, or the redemption of gift cards. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

### *Commission from sale of goods:*

The consolidated entity owns and operates multiple e-commerce websites, acting as a commercial intermediary between independent brands and designers and the end consumer, earning a commission for this service.

The consolidated entity has determined that it does not control the goods before they are transferred to the consumer. Hence, it is an agent in these contracts as it does not have the ability to direct the use of the goods or obtain benefits from the goods. Commission is recognised on a net basis, once the consolidated entity has fulfilled its obligation to the customer. The performance obligation is to facilitate the transaction between the brand partner and the end consumer, which is satisfied when the goods are dispatched to the end consumer by the brand partner.

A provision is made for commission that would be refunded if the end consumer returns the goods, and the consolidated entity uses historical data and patterns to estimate its return provision.

### *Advertising revenue*

Display advertising revenue is recognised over time as advertisements are displayed. Sponsored online content revenue is recognised at the point in time when published.

### *Going concern*

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

During the period ended 31 December 2020, the consolidated entity incurred a net loss after tax of \$516,667 (31 December 2019: \$930,695) and a cash outflow used in operating activities of \$368,554 (31 December 2019: \$724,471). As at 31 December 2020, the consolidated entity had cash and cash equivalents of \$743,171 (30 June 2020: \$837,566), net assets of \$1,537,954 (30 June 2020: \$1,658,246) and net current assets of \$372,068 (30 June 2020: \$534,006).

The directors have reviewed a detailed cash budget showing the need for continued improvements in the operating performance of the business in order to generate positive operating cash flows. The directors have considered the funding and operational status of the business in arriving at their assessment that the going concern basis of preparation is appropriate. In particular, the directors have considered the following:

- capital raising made subsequent to the financial year amounting to US\$224,754 as noted in note 13 'Events after the reporting period';
- tranche 2 capital raising nearing US\$1,606,000 (before costs) has been fully committed and is expected to be issued within days following the approval of this report. This injection in tandem with the continuing growth and significant and consistent cost savings, position the business to be in the healthiest state in the consolidated entity's history. Additionally, the positive trajectory of the Design Milk Co. brand portfolio and increased revenue along with the recent reduction of cash burn (year-to-date operating net cash outflow of \$(368,000)) leave the consolidated entity with significant funds to meet cash outflows;
- the consolidated entity expects to receive 100% forgiveness of the loan received in the financial year 2020 on approval of the application to be submitted to the U.S. Small Business Administration ('SBA') in the third quarter of the financial year 2021. This loan was received for COVID government support measures in the amount of \$210,158;
- the ability to vary cash outflows depending upon achievement of increased revenue; and
- the ability of the consolidated entity to obtain funding, if required.

Accordingly, the directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial report.

**Note 2. Significant accounting policies (continued)**

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2020 and are not expected to have any significant impact for the full financial year ending 30 June 2021.

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

**Note 3. Restatement of comparatives**

*Correction of error*

The consolidated entity has reassessed its contractual arrangement regarding sale of goods and has determined that it does not control the goods before they are transferred to the customer. Hence, it is an agent in these contracts as it does not have the ability to direct the use of the goods or obtain benefits from the goods.

The correction of this error has resulted in a restatement of the prior period statement of profit or loss, with a decrease in revenue from the sale of goods and a decrease in the cost of goods sold, and a corresponding increase in commission from the sale of goods by the same net value. There is no impact on total comprehensive income for the half-year period ended 31 December 2019, and consequently no impact on basic or diluted earnings per share. There is no impact on the statement of financial position at 30 June 2020, and no impact on the statement of changes in equity or statement of cash flows for the half-year period ending 31 December 2019 as a result of this restatement.

*Statement of profit or loss and other comprehensive income*

	31 Dec 2019 US\$ Reported	Consolidated US\$ Adjustment	31 Dec 2019 US\$ Restated
<b>Extract</b>			
<b>Revenue</b>			
Sale of goods	313,725	(313,725)	-
Commission from sale of goods	-	123,576	123,576
Advertising revenue	402,437	-	402,437
Total sales revenue	716,162	(190,149)	526,013
Cost of goods sold	(190,149)	190,149	-
<b>Loss before income tax expense</b>	(930,695)	-	(930,695)
Income tax expense	-	-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Design Milk Co Limited</b>	(930,695)	-	(930,695)
Other comprehensive income for the half-year, net of tax	(46,708)	-	(46,708)
<b>Total comprehensive income for the half-year attributable to the owners of Design Milk Co Limited</b>	(977,403)	-	(977,403)
	<b>Cents Reported</b>	<b>Cents Adjustment</b>	<b>Cents Restated</b>
Basic earnings per share	(0.09)	(4.59)	(4.68)
Diluted earnings per share	(0.09)	(4.59)	(4.68)

Earnings per share was impacted due to the retrospective impact of share consolidation. Refer note 12 'Earnings per share' for further details.

#### Note 4. Operating segments

##### *Identification of reportable operating segments*

The consolidated entity's operating segments are 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.

The directors have determined that there is one operating segment identified and located in the United States of America. The information reported to the CODM is the consolidated results of the consolidated entity.

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

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

##### *Major customers*

During the half-year ended 31 December 2020, there were no external customers (31 December 2019: Nil) where revenue exceeded 10% of the consolidated revenue.

#### Note 5. Revenue

##### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	US\$	US\$
<i>Major product or services</i>		
Commission from sale of goods	288,005	123,576
Advertising revenue	326,538	402,437
	<u>614,543</u>	<u>526,013</u>
<i>Timing of revenue recognition</i>		
Commission from sale of goods recognised at a point in time	288,005	123,576
Services transferred at a point in time	220,960	272,319
Services recognised over time	105,578	130,118
	<u>614,543</u>	<u>526,013</u>

The revenue from contracts with customers is generated substantially all from the United States of America.

**Note 6. Intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>US\$</b>	<b>US\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	286,666	286,666
Trade name and trademarks - at cost	730,000	730,000
Customer relationships - at cost	250,000	250,000
Less: Accumulated amortisation	(45,833)	(33,333)
	204,167	216,667
	<u>1,220,833</u>	<u>1,233,333</u>

*Reconciliations*

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

	Goodwill	Trade name and trademarks	Customer relationships	Total
	US\$	US\$	US\$	US\$
<b>Consolidated</b>				
Balance at 1 July 2020	286,666	730,000	216,667	1,233,333
Amortisation expense	-	-	(12,500)	(12,500)
Balance at 31 December 2020	<u>286,666</u>	<u>730,000</u>	<u>204,167</u>	<u>1,220,833</u>

**Note 7. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current liabilities</i>		
Trade payables	162,555	11,761
Accrued expenses	124,337	220,155
	<u>286,892</u>	<u>231,916</u>

**Note 8. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current liabilities</i>		
Paycheck protection programme loan	150,427	95,443
<i>Non-current liabilities</i>		
Paycheck protection programme loan	59,731	114,715
	<u>210,158</u>	<u>210,158</u>



**Note 9. Contributed equity**

	31 Dec 2020 Shares	30 June 2020 Shares	Consolidated 31 Dec 2020 US\$	30 June 2020 US\$
Ordinary shares - fully paid	<u>1,400,436,809</u>	<u>1,329,988,534</u>	<u>55,219,247</u>	<u>54,893,691</u>

*Movements in ordinary share capital*

Details	Date	Shares	US\$
Balance	1 July 2020	1,329,988,534	54,893,691
Shares issued on capital raising	31 December 2020	<u>70,448,275</u>	<u>325,556</u>
Balance	31 December 2020	<u>1,400,436,809</u>	<u>55,219,247</u>

**Note 10. Dividends**

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

**Note 11. 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 12. Earnings per share**

	Consolidated 31 Dec 2020 US\$	31 Dec 2019 US\$
Loss after income tax attributable to the owners of Design Milk Co Limited	<u>(516,667)</u>	<u>(930,695)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>26,607,428</u>	<u>19,869,592</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>26,607,428</u>	<u>19,869,592</u>
	Cents	Cents
Basic earnings per share	(1.94)	(4.68)
Diluted earnings per share	(1.94)	(4.68)

In accordance with AASB 133 'Earnings per share', the weighted average number of ordinary shares for 31 December 2020 and 31 December 2019 have been retrospectively restated for the effect of the share consolidation (one share for every 50 shares held) approved by the shareholders on 12 February 2020.

**Note 13. Events after the reporting period**

On 1 February 2021, the company completed a share purchase plan raising capital of US\$224,754 (before costs) resulting in the issue of 49,775,823 ordinary shares.

On 12 February 2021, the shareholders approved share consolidation (issuing one share for every 50 shares held) with a record date of 17 February 2021.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the United States Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 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.

**Design Milk Co Limited**  
**(Formerly known as AHAlife Holdings Limited)**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Mike Hill  
Chairman

25 February 2021  
Sydney

# Independent Auditor's Review Report to the Members of Design Milk Co Limited

## Conclusion

We have reviewed the half-year financial report of Design Milk Co Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Emphasis of Matter

We draw attention to Note 3 of the half-year financial report, which describes the effects of a restatement of comparatives. Our conclusion is not modified in respect of this matter.

## Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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## Responsibility of the Directors for the Financial Report

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

## Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



**Crowe Sydney**



**Barbara Richmond**  
Partner

25 February 2021  
Sydney

**Design Milk Co Limited**  
**(Formerly known as AHALife Holdings Limited)**  
**Corporate directory**  
**31 December 2020**

Directors	Mike Hill - Non-Executive Chairman Michael Everett - Non-Executive Director Christopher Colfer - Non-Executive Director Arnaud Massenet - Non-Executive Director
Key Management Personnel	Robert Mancini - Chief Executive Officer
Company secretary	Sapir Elias
Registered office	Level 5, 126 Phillip Street Sydney, NSW 2000 Australia Tel: 1300 266 517 or +61 2 8072 1400
Principal place of business	1209 Hill Rd N Ste 256 Pickerington, OH 43147 United States of America
Share register	Level 5, 126 Phillip Street, Sydney, NSW 2000 Tel: 02 9698 5414 Email: hello@automic.com.au
Auditor	Crowe Sydney Level 15, 1 O'Connell Street Sydney NSW 2000
Stock exchange listing	Design Milk Co Limited shares are listed on the Australian Securities Exchange (ASX code: DMC)
Website	www.ahalife.com www.kaufmann-mercantile.com www.design-milk.com