

Beauty Health Group Limited
(formerly known as HLI Limited)
ACN 009 085 974

Financial Report
for the half-year ended 31 December 2011

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2011

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

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Directors' Report

The directors present their report together with the condensed financial report Beauty Health Group Limited (formerly known as HLI Limited), for the half-year ended 31 December 2011 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

Directors

The names of the company's directors in office at the date of this report are set out below.

Mr Constantine Andrew Scrinis – appointed on 6 December 2011

Mr Gregory John Wood – appointed on 6 December 2011

Mr Hemant Amin - appointed on 22 May 2014

Following directors were in office in office during the half year ended 31 December 2011.

Ian Smith – resigned on 8 August 2011

Karen Matthews – resigned on 8 August 2011

Pierce Cody – resigned on 8 August 2011

Cary Stynes – appointed 6 December 2011 resigned 22 May 2014

REVIEW AND RESULTS OF OPERATIONS

The Company was not trading during the half year ended 31 December 2011 and reported a profit of \$1,719,865 (2010: loss of \$522,539) result from transfer of net liabilities to the Deed Administrator.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

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

- Recapitalisation of the Company and the issue of 600,140 new shares in the capital of the Company to Boom Capital Pty Limited and its nominees
- Appointment of new Directors, Mr. Constantine Andrew Scrinis, Mr. Gregory John Wood and Mr. Cary Stynes.

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Financial report for half-year ended 31 December 2011

Directors' Report (Cont'd)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (CONT'D)

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

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

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

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

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

Apart from matters stated above since the end of half year 31 December 2011, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations and the state of affairs of the Company for future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report on page 4.

Signed in accordance with a resolution of the directors made pursuant to s306 (3) of the Corporations Act 2001.



Con Scrinis
Director

Melbourne
Date: 23 June 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Beauty Health Group Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Beauty Health Group Limited.

Perth, Western Australia
23 June 2015



D I BUCKLEY
Partner

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

**Condensed Statement of Comprehensive Income
for the half-year ended 31 December 2011**

		Half- year	
	Notes	31 December 2011	31 December 2010
		\$	\$
Revenue and Other Income			
Other income	2	-	290
		-	290
Expenses			
Consulting & Other fees		-	(138,219)
Other expenses from ordinary activities		(26,993)	(282,002)
ASX fees		-	(28,084)
Share registry fees		-	(26,673)
Audit fees		-	(23,500)
Depreciation		(3,846)	(386)
Borrowing costs		-	(23,965)
Total expenses		(30,839)	(522,829)
Loss before transfer of net liabilities to Deed Administrator		(30,839)	(522,539)
Gain on transfer of net liabilities to Deed Administrator	3	1,750,704	-
Profit/(Loss) before income tax expense		1,719,865	(522,539)
Income tax expense		-	-
Profit/(Loss) from continuing operations		1,719,865	(522,539)
Other comprehensive income for half-year		-	-
Total comprehensive income/(loss) for half-year		1,719,865	(522,539)
Basic earnings/(loss) per share		6.69	(2.03)
Diluted earnings/(loss) per share		6.69	(2.03)

The accompanying notes forms part of these Financial Statements

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

**Condensed Statement of Financial Position
as at 31 December 2011**

	Notes	31 December 2011 \$	30 June 2011 \$
Current assets			
Cash and cash equivalents		-	25,799
Total current assets		-	25,799
Non-current assets			
Plant and equipment		-	3,846
Receivable		-	244,422
Total Non-current assets		-	248,268
Total assets		-	274,067
Current liabilities			
Trade and other payables		200,000	820,245
Borrowings		-	1,373,687
Total current liabilities		200,000	2,193,932
Total Liabilities		200,000	2,193,932
Net assets		(200,000)	(1,919,865)
Equity			
Contributed capital		30,430,065	30,430,065
Accumulated losses		(30,630,065)	(32,349,930)
Total equity		(200,000)	(1,919,865)

The accompanying notes forms part of these Financial Statements

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

Condensed Statement of Changes in Equity**Half-year ended 31 December 2010**

	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$
At 1 July 2010	30,430,065	(31,129,325)	(699,260)
Loss attributable to members of the entity	-	(522,539)	(522,539)
At 31 December 2010	30,430,065	(31,651,864)	(1,221,799)

Half-year ended 31 December 2011

	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$
At 1 July 2011	30,430,065	(32,349,930)	(1,919,865)
Profit attributable to members of the entity	-	1,719,865	1,719,865
At 31 December 2011	30,430,065	(30,630,065)	(200,000)

The accompanying notes forms part of these Financial Statements

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

**Condensed Consolidated Statement of Cash Flows
for the half-year ended 31 December 2011**

	Notes	Half-year	
		31 December 2011	31 December 2010
		\$	\$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(25,799)	(279,574)
Interest received		-	290
Net cash flows used in operating activities		(25,799)	(279,284)
Cash flows from investing activities			
Payment for plant and equipment		-	(2,365)
Net cash flows used in investing activities		-	(2,365)
Cash flows from financing activities			
Proceeds from borrowings		-	902,541
Loan to The Beauty Spa Co		-	(110,439)
Net cash (used in) / provided by financing activities		-	792,102
Net (decrease)/increase in cash and cash equivalents		(25,799)	510,453
Cash and cash equivalents at beginning of half year		25,799	13,712
Cash and cash equivalents at end of the half year		-	25,799

The accompanying notes forms part of these Financial Statements

Notes to the Half-Year Financial Statements

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Beauty Health Group Limited (formerly known as HLI Limited) during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and the ASX Listing Rules.

Beauty Health Group Limited (formerly known as HLI Limited) is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the director's report.

(a) Basis of accounting

This half-year financial report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with IAS 134 *Interim Financial Reporting*.

The half-year financial report has been prepared in accordance with the historical cost convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2010 and the corresponding half-year.

(b) Adoption of new and revised standards

Standards and Interpretations adopted with no effect on the financial statements

It has been determined by the Directors that there is no impact, material or otherwise, of any new and revised Standards and Interpretations on its business and, therefore, no change is necessary to company accounting policies.

Standards and Interpretations on issue not yet adopted

The Directors have also reviewed all Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2011. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on the company's business and, therefore, no change necessary to company accounting policies.

(c) Going Concern

Notwithstanding the fact that the company has a working capital deficit at balance date of \$200,000 (30 June 2011: \$2,168,133), the directors are of the opinion that the company is a going concern based on the following.

Notes to the Half-Year Financial Statements

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONT'D)

(c) Going Concern (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

Notes to the Half-Year Financial Statements**2. REVENUE AND OTHER INCOME**

	31 December 2011	31 December 2010
	\$	\$
Revenue		
Revenue from services or sale of goods	-	-
Other income		
Interest income	-	290

3. GAIN ON TRANSFER OF NET LIABILITIES TO DEED ADMINISTRATOR

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

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

3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

There were no dividends proposed or recognised during the half-year ended 31 December 2011.

4. CONTRIBUTED CAPITAL

	31 December 2011	30 June 2011
	\$	\$
(a) Fully paid ordinary shares	30,430,065	30,430,065
(b) Movement in shares on issue	Number	Number
Opening balance	257,203	257,203
Issue of new share	-	-
	257,203	257,203

Notes to the Half-Year Financial Statements

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent assets and liabilities.

6. SUBSEQUENT EVENTS

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

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

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

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

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

Apart from matters stated above since the end of half year 31 December 2011, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations and state of affairs of the Company for future financial periods.

7. OPERATING SEGMENTS

The Company was not trading during the half year ended 31 December 2011 and also during previous half year ended 31 December 2010, hence there is no information on operating segments.

Beauty Health Group Limited

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Financial report for half-year ended 31 December 2011

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 5 to 12 in accordance with the *Corporations Act 2001* including:

- (a) Compling with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance for the half-year ended on that date

In the directors' opinion there are reasonable grounds to believe that Beauty Health Group Limited (formerly known as HLI Limited) will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.



Con Scrinis
Director

Date: 23 June 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Beauty Health Group Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Beauty Health Group Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 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*. Because of the matter described in the Basis for Disclaimer of Auditor's Conclusion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion.

Independence

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

Basis for Disclaimer of Auditor's Conclusion

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

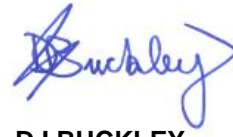
Due to the passage of time and the records maintained during the period in which the company was under Administration not being adequate to permit the application of necessary audit procedures we are unable to obtain all the information and explanations we require in order to form a conclusion on the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

Disclaimer of Auditor's Conclusion

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



HLB Mann Judd
Chartered Accountants



D I BUCKLEY
Partner

Perth, Western Australia
23 June 2015