

Beauty Health Group Limited
ACN 009 085 974

Financial Report
for the half-year ended 31 December 2012

The half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2012

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Directors' Report

The directors present their report together with the condensed financial report of the Beauty Health Group Limited, for the half-year ended 31 December 2012 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

Directors

The Directors in office during the half year ended 31 December 2012 and up to the date of this report are as follows, Directors were in office for this entire period unless otherwise stated.

Mr Constantine Andrew Scrinis – appointed on 6 December 2011

Mr Gregory John Wood – appointed on 6 December 2011

Mr Cary Stynes - appointed on 6 December 2011 and resigned on 22 May 2014

Mr Hemant Amin - appointed on 22 May 2014

REVIEW AND RESULTS OF OPERATIONS

The Company was not trading during the half year ended 31 December 2012 and reported a loss of \$50,085 (2011: profit \$1,719,865).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 8 August 2011, the Company appointed administrators to manage its affairs.

On 6 December 2011 a Deed of Company Arrangement (“DOCA”) was executed to settle and satisfy costs of administration 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 TopBeta 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 2012, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affairs of the Company for future financial periods.

Directors' Report (Cont'd)

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 s.306(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 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the 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

ACN 009 085 974

Financial report for half-year ended 31 December 2012

**Condensed Statement of Comprehensive Income
for the half-year ended 31 December 2012**

	Notes	Half- year	
		31 December 2012 \$	31 December 2011 \$
Revenue and Other Income			
Other income	2	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Expenses			
Consulting & Other fees		(22,484)	-
Other expenses from ordinary activities		(10,784)	(26,993)
ASX fees		(16,817)	-
Share registry fees		-	-
Audit fees		-	-
Depreciation		-	(3,846)
Borrowing costs		-	-
Total expenses		(50,085)	(30,839)
Loss before transfer of net liabilities to Deed Administrator		(50,085)	(30,839)
Gain on transfer of net liabilities to Deed Administrator	3	-	1,750,704
Profit/(Loss) before income tax expense		(50,085)	1,719,865
Income tax expense		-	-
Profit/(Loss) from continuing operations		(50,085)	1,719,865
Other comprehensive income for half-year		-	-
Total comprehensive income/(loss) for half-year		(50,085)	1,719,865
		<hr/>	<hr/>
Basic earnings/(loss) per share		(0.15)	6.69
Diluted earnings/(loss) per share		(0.15)	6.69

The accompanying notes forms part of these Financial Statements

Beauty Health Group Limited

ACN 009 085 974

Financial report for half-year ended 31 December 2012

Condensed Statement of Financial Position as at 31 December 2012

	31 December 2012	30 June 2012
	\$	\$
Assets		
Cash and cash equivalents	-	-
Trade and other receivables	5,009	-
Total assets	5,009	-
Current liabilities		
Trade and other payables	55,094	200,000
Borrowings	-	-
Total current liabilities	55,094	200,000
Total Liabilities	55,094	200,000
Net assets	(50,085)	(200,000)
Equity		
Contributed capital	30,630,065	30,430,065
Accumulated losses	(30,680,150)	(30,630,065)
Total equity	(50,085)	(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 2012

Condensed Statement of Changes in Equity**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)

Half-year ended 31 December 2012

	Contributed equity	Accumulated losses	Total equity
	\$	\$	\$
At 1 July 2012	30,430,065	(30,630,065)	(200,000)
Loss attributable to members of the entity	-	(50,085)	(50,085)
Issue of shares	200,000	-	200,000
At 31 December 2012	30,630,065	(30,680,150)	(50,085)

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 2012

**Condensed Statement of Cash Flows
for the half-year ended 31 December 2012**

	Half-year	
	31 December 2012	31 December 2011
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees	-	(25,799)
Interest received	-	-
Net cash flows used in operating activities	-	(25,799)
Cash flows from investing activities		
Payment for plant and equipment	-	-
Net cash flows used in investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Loan to The Beauty Spa Co	-	-
Net cash (used in) / provided by financing activities	-	-
Net decrease in cash and cash equivalents	-	(25,799)
Cash and cash equivalents at beginning of half year	-	25,799
Cash and cash equivalents at end of the half year	-	-

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 2012 and any public announcements made by Beauty Health Group 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 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 2012 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 2012. 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.

Notes to the Half-Year Financial Statements**1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONT'D)****(c) Going Concern**

Notwithstanding the fact that the company has a working capital deficit at balance date of \$50,085 (30 June 2012: \$200,000), the directors are of the opinion that the company is a going concern based on the following.

On 8 August 2011, the Company appointed administrators to manage its affairs and on 6 December 2011 a Deed of Company Arrangement ("DOCA") was executed and \$200,000 was to be paid to the Deed Administrator to settle and satisfy costs of administration 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 2012

Notes to the Half-Year Financial Statements

2. REVENUE AND OTHER INCOME

	31 December 2012	31 December 2011
	\$	\$
Revenue		
Revenue from services or sale of goods	-	-
Other income		
Interest income	-	-

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 2012.

4. CONTRIBUTED CAPITAL

	31 December 2012	30 June 2012
	\$	\$
(a) Fully paid ordinary shares	30,630,065	30,430,065
(b) Movement in shares on issue	Number	Number
Opening balance	257,203	257,203
Issue of new shares	600,140	-
	857,343	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 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 2012, the Directors are not aware of any other matters or circumstances not otherwise dealt with in this report that has significantly or may significantly affect the operations or the state of affairs of the Company for future financial periods.

7. OPERATING SEGMENTS

The Company was not trading during the half year ended 31 December 2012 and also during previous half year ended 31 December 2011, hence there is no information on operating segments.

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) Complying 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 2012 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 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 2012, 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*, 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 *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2012 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*. As the auditor of the company, 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.

Independence

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

Basis for Qualified Auditor's Conclusion

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

As the records maintained during the period in which the company was under Administration were not 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.

Qualified Auditor's Conclusion

Because of the existence of the limitation on the scope of our work, as described in the preceding paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion on whether:

- (i) the comparative financial information (being the results and cash flows and statement of changes in equity for the period ended 31 December 2011 and the statement of financial position as at 30 June 2012); and
- (ii) the results and cash flows for the period ended 31 December 2012

are in accordance with the *Corporations Act 2001* including complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial position of Beauty Health Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2012; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1(c) in the financial report which discloses that the company will be required to obtain funding from either a capital raising or from some other source in order to continue as a going concern. This indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants



D I BUCKLEY
Partner

Perth, Western Australia
23 June 2015