



ASX Announcement
Date: 26 February 2019

APPENDIX 4D

novitahealthcare.com.au

Names of Entity	NOVITA HEALTHCARE LIMITED
ABN:	53 108 150 750
Reporting Period:	Financial Half Year ended 31 December 2018
Previous Corresponding Period:	Financial Half Year ended 31 December 2017

Results for Announcement to the Market

	Half Year End	Half Year End	Change
	31 Dec 2018	31 Dec 2017	
	\$	\$	
Revenue from ordinary activities	661,088	9,142	7,131%
Profit/(Loss) after tax from ordinary activities	(1,745,893)	(1,366,285)	28%
Net profit for the half year	(1,745,893)	(1,366,285)	28%
Net Tangible assets per share (cents)	.43	.76	

Revenue from ordinary activities of \$661,088 consists primarily of revenue received from the Australian Federal Government's Co-operative Research Centre ('CRC'), as part of the \$1,200,125 (ex GST) grant from the CRC totalling \$348,880, plus \$150,000 in provider contributions was received during the period in relation to the TALI Detect project. The remaining amount consists of revenue received from the sale of products (\$125,339) and research and development credits (\$36,394) brought to account from the year ended 30 June 2018.

Dividends

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial half year ended 31 December 2018.

Consolidated Financial Statements

This report is based on the attached financial report which has been independently reviewed. The attached financial report is not subject to a qualified review statement. The report has been reviewed by RSM Australia Partners with the independent Auditor's Review Report included in the half-year financial report.

About Novita

Novita Healthcare Limited (ASX: NHL) is a leading digital therapeutic and early childhood technology business targeting ATTENTION in children through its breakthrough technology Tali. Tali Train uses proprietary algorithms inside a game-based learning application to improve core attention skills in early childhood (www.talihealth.com)

Contact

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Chair

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NOVITA HEALTHCARE LIMITED

And CONTROLLED ENTITIES

ABN: 53 108 150 750

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2018

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

The directors present their report together with the financial statements on Novita Healthcare Limited (the 'Company') and its controlled entities (the 'Group') for the six months ended 31 December 2018.

Directors

The directors of the Company at any time during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name and independence status	Period of office and special responsibilities
Sue MacLeman Independent Non-Executive Director & Chair	Appointed September 6, 2018 Director and Chair since September 6, 2018. Member of the Audit Committee.
Jefferson Harcourt Non-Executive Director	Appointed February 25, 2016. Member of the Audit Committee
Mark Simari Independent Non-Executive Director	Appointed September 1, 2016. Chairman of the Audit Committee since February 19, 2018
Glenn Smith Managing Director	Appointed Chief Executive Officer October 3, 2017 and appointed Managing Director May 10, 2018

All non-executive directors are members of the Audit Committee from the date of their appointment.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was the on-going development and commercialisation of products in the emerging health technology sector. TALI Train, which is TALI health's flagship application uses proprietary software algorithms to monitor and assist in the treatment of cognitive problems such as attention difficulties in early childhood.

FINANCIAL UPDATE

The Group has recorded a loss of \$1.7 million for the six months ending 31 December 2018 (31 December 2017: \$1.4 million). Novita Healthcare's operating cash consumption for the half year was \$1.5 million, 150% higher than the previous corresponding period (31 December 2017: \$0.6 million) and reported closing cash resources of \$1.7 million at 31 December 2018, up 40% over the Group's cash balance as at 30 June 2018 \$1.2 million.

REVIEW OF OPERATIONS

Over the last 6 months, Novita's operations have continued to focus on the ongoing development and commercialisation of the TALI Health Pty Ltd ("TALI Health") business. The initial product TALI Train was delivered in market during the half with uptake by parents, schools and healthcare professionals. Complementing this marketing and sales focus on TALI Train was the ongoing research and development of TALI Detect which is to be the Company's second product with an expected release in late 2019. In October 2018, the Group completed the sale of Newly Pty Ltd ("Newly") and parallel investment in HealthcareLink Pty Ltd.

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OPERATIONS UPDATE – TALI HEALTH

Progress update: TALI Train

TALI Train is a breakthrough digital therapeutic solution delivered by iPad or tablet scientifically and clinically proven to improve childhood attention and numeracy skills (learning outcomes). Healthcare providers and educators prescribe the 5-week clinical intervention program to children aged between 3-8 years for use via a home-based tablet, making it available to a wider range of users across socio-demographic groups and geographic locations. For further information, please see www.talihealth.com

Over the last half year, Novita made pleasing and significant progress with marketing activities undertaken delivering schools as the initial core customer for TALI Train. Sales and deployment of TALI Train occurred to a select group of primary schools. Some of these schools included Yarra Valley Grammar (Victoria), Eltham North Primary (Victoria), St Marks Primary (Victoria) and Parklea Primary (NSW). These schools are recognised as key opinion leaders in the public, catholic and independent school sectors.

Field sales activities combined with referral support from key opinion leader schools has seen a substantive increase in demand for TALI Train. The Company has accelerated recruitment of sales resources (including a Sales Manager for the Australian primary school segment) to grow sales and cash receipts.

To further support the sales lead demand the Company has commenced a major marketing program (beginning January 2019 through to June 2019 period) with a core focus on customer acquisition in the primary school and parent segments to enable a sustainable recurring revenue model.

Marketing to healthcare professionals (providers) continued complimenting the strategy of the business to deliver TALI Train in all relevant early childhood settings. However, it is the initial adoption results by schools and the sales lead demand that has reinforced the view of the Company that strong incremental growth can be expected in the future.

Research and Development project: TALI Detect

In 2016 the USA had approximately 9.4% of children 2-17 years of age (6.1 million) which had been diagnosed with ADHD¹. 52% of those children had a behavior or conduct problem with 14% having ASD (Autism Spectrum Disorder) see figure 1.

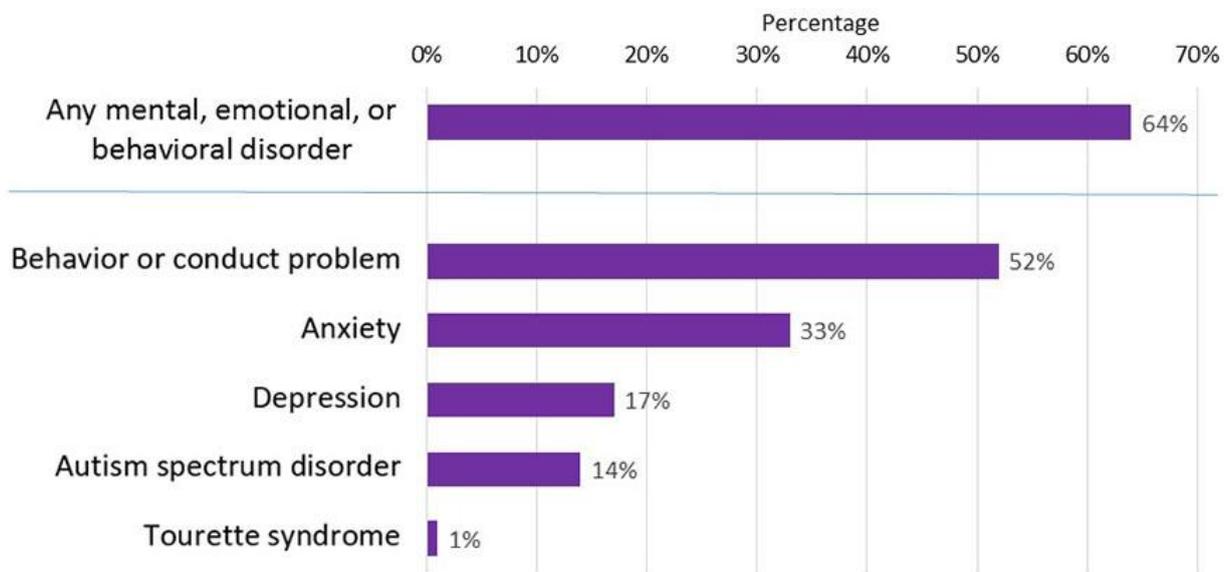


Figure 1. Percentage of children with ADHD and another disorder. Data from the redesigned National Survey of Children’s Health, Center for Disease Control and Prevention <https://www.cdc.gov/ncbddd/adhd/data.html>

¹ <https://www.cdc.gov/ncbddd/adhd/data.html>

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An application such as TALI Detect would be a significant tool in the "tool kit" for Healthcare Providers, Pharmaceutical companies, Governments and Educators in the pursuit of improving attention skills in children globally.

On 1 January 2018, the Group commenced the TALI Detect project. Novita was awarded a \$1.2m grant from the Australian Federal Government's Co-operative Research Centre Program ("CRC-P") to design, develop and commercialise its scalable detection tool for childhood inattention, TALI Detect.

CORPORATE UPDATE

\$2.8 million equity raising to fund growth

On 20 July 2018 the Company completed a \$2.8 million placement to institutional and sophisticated investors. Funds raised in the Equity Raising provided balance sheet support for the commercial growth of the company's digital therapies products.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Newly Sale and Healthcarelink Investment completion

On 18 October 2018, the Company completed the sale of Newly Pty Ltd ('Newly'), to Healthcarelink.

Healthcarelink (www.healthcarelink.com.au) (HCL) is an award winning, online marketplace for jobs and careers in the healthcare and medical industry. The combined entity will create a powerful human resource placement solution in the healthcare sector, driven by deep domain experience of the combined teams and unique SaaS technology offering.

OUTLOOK

The Company remains focused on the following:

- Rapidly converting the initial demand from primary schools and parents to sales of TALI Train
- Scaling the marketing/sales resources and activities for TALI to capture a significant portion of the 6,000+ primary schools in Australia during the 2019 calendar year
- Begin and advance discussion with potential partners particularly for the North American market
- Completing the research and development phase of TALI Detect so that an assessment tool for attention skills can be deployed to diversify revenue and to assist in increasing sales of TALI Train

Post Balance Date Events

There has not arisen since the end of the half-year any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration forms part of the Directors' Report for the six months ended 31 December 2018 and is set out on page 8 of this report.

Dated at Melbourne this 26th day of February 2019.

Signed in accordance with a resolution of the directors, pursuant to Section 306(3)(a) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'Sue MacLeman', written over a faint circular stamp or watermark.

Sue MacLeman
Chair

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Novita Healthcare Limited and Controlled Entities for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "R B Miano".

R B MIANO
Partner

Dated: 26 February 2019
Melbourne, Victoria

**CONSOLIDATED CONDENSED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the half-year ended 31 December 2018

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

		31 December 2018 \$	31 December 2017 \$
Revenue from continuing activities	5	429,873	-
Other income	5	150,475	98,400
Contract research and development expenses		(740,696)	(7,684)
Personnel expenses excluding share-based payment expense		(906,728)	(215,840)
Share Based Payment Expense		(135,330)	(313,442)
Occupancy expenses		(59,687)	(19,604)
Depreciation and amortisation		(182,738)	(92,025)
Asset management expenses		(1,526)	(1,868)
Legal and professional services expenses		(228,180)	(132,399)
Insurance expenses		(33,898)	(31,241)
Intellectual property expenses		(22,286)	(25,471)
Advertising & Promotion		(115,491)	(72,155)
Other expenses		(254,852)	(67,082)
Results from operating activities		(2,101,064)	(880,411)
Net finance income/(expenses)		21,509	17,613
Loss before income tax expense from continuing operations		(2,079,555)	(862,798)
Income tax expense		-	-
Loss after income tax expense from continuing operation	6	(2,079,555)	(862,798)
Profit/(loss) after income tax expenses from discontinued operations	11	333,662	(503,487)
Loss after income tax expense for the half-year		(1,745,893)	(1,366,285)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributed to the owners of the Company		(1,745,893)	(1,366,285)
Earnings per share		Cents	Cents
Basic earnings per share from continuing operations		(0.49)	(0.46)
Diluted earnings per share from continuing operations		(0.49)	(0.46)
Basic earnings per share from discontinued operations		0.08	-
Diluted earnings per share from discontinued operations		0.08	-
Basic earnings per share		(0.41)	(0.46)
Diluted earnings per share		(0.41)	(0.46)

The Consolidated Condensed Statement of profit or loss and other Comprehensive Income is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

	Note	31 December 2018	30 June 2018
		\$	\$
Assets			
Cash and cash equivalents		1,725,456	1,161,458
Trade and other receivables		95,886	814,886
Prepayments		97,419	14,174
Investments	9	2,295	24,576
Total current assets		1,921,056	2,015,094
Investments	9	1,000,000	-
Intangibles		1,673,919	1,839,065
Plant and equipment		194,200	65,654
Total non-current assets		2,868,119	1,904,719
Total assets		4,789,175	3,919,813
Liabilities			
Trade and other payables		561,074	604,597
Net liabilities held for sale		-	56,029
Deferred income		72,789	72,789
Employee benefits		135,870	104,585
Total current liabilities		769,733	838,000
Employee benefits		6,349	2,353
Deferred income		382,140	418,534
Total non-current liabilities		388,489	420,887
Total liabilities		1,158,222	1,258,887
Net assets		3,630,953	2,660,926
Equity			
Issued capital	6	194,976,507	192,495,917
Share base payment reserve		603,435	368,105
Accumulated losses	6	(191,948,989)	(190,203,096)
Total equity		3,630,953	2,660,926

The Consolidated Condensed Statement of Financial Position is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

**CONSOLIDATED CONDENSED STATEMENT
OF CHANGES IN EQUITY**
**for the half year ended 31
December 2018**

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

For the six months ended 31 December 2018	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Transaction Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2018	192,495,917	(190,203,096)	368,105	-	2,660,926
Loss after income tax expenses for the half year	-	(1,745,893)	-	-	(1,745,893)
Other comprehensive income for the half year, net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the half year	-	(1,745,893)	-	-	(1,745,893)
Transactions with owners, recorded directly in recorded directly in equity					
Contributions by owners					
Issue of ordinary shares pursuant to private placement	2,785,692	-	-	-	2,785,692
Transaction costs relating to issue of ordinary shares	(305,102)	-	-	-	(305,102)
Share-based payments (to employees)	-	-	135,330	-	135,330
Share-based payments (to vendors)	-	-	100,000	-	100,000
Total transactions with owners	2,480,590	-	235,330	-	2,715,920
Closing balance as at 31 December 2018	194,976,507	(191,948,989)	603,435	-	3,630,953

The Consolidated Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

**CONSOLIDATED CONDENSED STATEMENT
OF CHANGES IN EQUITY**
**for the half year ended 31
December 2018**

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

For the six months ended

31 December 2017

	Issued Capital	Accumulated losses	Share Based Payment Reserve	Foreign Currency Transaction Reserve	Total Equity
	\$	\$	\$	\$	\$
Opening balance as at 1 July 2017	188,263,259	(186,547,094)	(11,190)	537,196	2,264,551
Loss after income tax expense for the half year	-	(1,366,285)	-	-	(1,366,285)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	(1,366,285)	-	-	(1,366,285)
Foreign currency translation reserve	-	537,196	-	(537,196)	-
Transactions with owners, recorded directly in equity					
Contributions by owners					
Issue of ordinary shares upon a business acquisition (#)	920,673	-	-	-	920,673
Issue of ordinary shares pursuant to private placement	2,500,000	-	-	-	2,500,000
Issue of ordinary shares pursuant to shortfall	396,265	-	-	-	396,265
Issue of ordinary shares pursuant to rights issue	621,233	-	-	-	621,333
Issue of share to Grey Innovation in accordance with 18 August 2017 EGM	170,000	-	-	-	170,000
Transaction costs relating to issue of ordinary shares	(371,208)	-	-	-	(371,208)
Equity settled share-based payment transactions	-	-	313,442	-	313,442
Total transactions with owners	4,236,963	537,196	313,442	(537,196)	4,550,405
Closing balance as at					
31 December 2017	192,500,222	(187,376,183)	324,632	-	5,448,671

The Consolidated Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

**CONSOLIDATED CONDENSED STATEMENT
OF CASH FLOWS****for the half-year ended 31 December
2018**

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,403,258	523,398
Payments to suppliers and employees	(2,975,553)	(1,103,737)
Interest received	25,448	11,157
Net cash used in operating activities	(1,546,847)	(569,182)
Cash flows from investing activities		
Payments for Intangibles	-	(774,279)
Payments for Investments	(400,000)	-
Payments for plant and equipment	(132,941)	(15,276)
Proceeds from the disposal of equity investments	22,756	-
Net cash used in investing activities	(510,185)	(789,555)
Cash flows from financing activities		
Proceeds from issue of shares pursuant to private placement	2,785,692	2,500,000
Proceeds from issue of shares pursuant to rights issue	-	1,017,498
Share issue costs	(205,102)	(371,208)
Net cash from financing activities	2,580,590	3,146,290
Net increase in cash and cash equivalents		
	523,558	1,787,553
Cash and cash equivalents at the beginning of the financial half year	1,201,898	941,017
Effects of exchange rate changes on cash and cash equivalents	-	(3,807)
Cash and cash equivalents at the end of the financial half year	1,725,456	2,724,763

The Consolidated Condensed Statement of Cash Flows is to be read in conjunction with the accompanying notes which form an integral part of these financial statements.

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

1 Reporting entity

Novita Healthcare Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2018 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

2 Statement of compliance

The condensed consolidated interim financial statements are a general purpose financial report which has been prepared in Australian dollars in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the financial report of the Group at 30 June 2018. This condensed consolidated financial report was approved by the Board of Directors on 27 February 2019.

3 New or amended accounting standards and interpretations adopted

The group has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standard Board (the AASB) that are mandatory for the current reporting period. Management have assessed that the AASB 9 Financial instruments and AASB 15 Revenue from contracts with customers do not have an impact on opening balances therefore no adjustment has been processed.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard and Interpretation are most relevant to the group:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

4 Going concern

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

As disclosed in the financial statements, for the six month period ended 31 December 2018, the group incurred a loss of \$1,745,893 (31 December 2017: loss of \$1,366,285) and had negative operating cash flows of \$1,546,847 (31 December 2017: negative operating cash flows of \$569,182). The Group's main activity is developing and commercializing the TALI products and various service lines which will require further funding and investment.

Despite this financial position, in the Directors opinion there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- At 31 December 2018:
 - The Group had cash reserves of \$1,725,456;
 - The Group had positive working capital at 31 December 2018 of \$1,151,323 (30 June 2018: \$1,177,094)
- The consolidated entity expects to generate sufficient trading revenue from the recent rollout of the TALI Train product to assist with meeting its operating costs.

NOVITA HEALTHCARE LIMITED ABN 53 108 150 750

5 Revenue from operating activities

	31 December 2018 \$	31 December 2017 \$
R&D tax incentive	36,394	-
Grant revenue	348,880	-
Sales revenue	44,599	-
Total revenue from operating activities	429,873	-
Other revenue	150,475	98,400
Total other revenue	150,475	98,400

6 Issued capital and accumulated losses

	31 December 2018	30 June 2018
(ii) Issued and paid up capital		
449,305,165 (30 June 2018: 359,444,132) ordinary shares, fully paid	195,076,507	192,495,917

The following movements in ordinary shares were recorded during the half-year ended 31 December 2018.

	31 December 2018 Number of shares	30 June 2018 Number of shares	31 December 2018 \$	30 June 2018 \$
Balance brought forward as at 1 July	359,444,132	204,838,430	192,495,917	188,263,259
Transaction costs relating to issue of ordinary shares	-	-	(305,102)	(375,513)
Issue of shares pursuant to Rights Issue	-	20,707,758	-	621,233
Issue of shares pursuant to placement	89,861,033	83,333,334	2,785,692	2,500,000
Issue of shares pursuant to Shortfall	-	13,208,848	-	396,265
Issue of shares and Expenses of Options	-	1,000,000	-	-
Issue of shares to Grey Innovation in accordance with 18 August 2017 EGM	-	5,666,667	-	170,000
Shares issued in Escrow *	-	30,689,095	-	920,673
Balance carried forward as at 31 December	449,305,165	359,444,132	194,976,507	192,495,917

*On 29 August 2018, 30,689,095 shares were released from escrow. \$920,673 was the purchase consideration for Newly Pty Ltd at an issue price of \$0.03.

There were no dividends paid or proposed during the period ended 31 December 2018 or in the previous interim period. Holders of ordinary shares are entitled to one vote per share at shareholders' meetings and to receive any dividends as may be declared. In the event of winding up of the Group, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

(i) Accumulated losses

	31 December 2018	30 June 2018
	\$	\$
Accumulated losses brought forward as at 1 July	(190,203,096)	(186,547,094)
Foreign Currency Translation Reserve Transfer	-	537,196
Gain from discontinued operations	333,662	-
Loss for the period from continuing operations	(2,079,555)	(4,193,198)
Accumulated losses carried forward as at 31 December	(191,948,989)	(190,203,096)

(ii) Share based payments

For the six months ended 31 December 2018, share based payments expense amounted to \$135,330 (2017: \$313,442). New options that were issued during this half- year were as follows:

- 6,800,000 options were issued to Chair Sue MacLeman. The terms and conditions were the same as those of the 2017 Invitation to issue options set out in the notice of the annual general meeting dated 30 October 2017.

7 Events subsequent to balance date

There has not arisen since the end of the half-year any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8 Contingent liabilities and contingent assets

There are no known significant contingent liabilities or contingent assets as at the date of this report.

9 Investments**Current**

	31 December 2018	30 June 2018
	\$	\$
Financial assets classified at fair value through profit and loss	2,295	24,576

Investments in equity instruments are categorised as Level 1 within the fair value hierarchy and are valued using market observable rates, being quoted ASX stock prices.

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	Ordinary Shares at fair value through OCI
Non-Current	
<i>Investments in equity instruments</i>	
Balance at 1 July 2018	-
Additions	1,000,000
Balance at 31 December 2018	1,000,000

Ordinary shares at fair value through OCI are categorised as Level 3 within the fair value hierarchy and are valued using a discounted cash flow model.

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair	Growth rate	70-80%	5% change would increase/decrease fair value by \$130,000
Value through other comprehensive income	Discount rate	20-23%	1.00% change would increase/decrease fair value by \$100,000

On 18 October 2018 Newly Pty Ltd, a fully owned subsidiary of Novita Healthcare, sold its entire business as a going concern. In consideration for the sale the consolidated entity received 600 fully paid shares in Healthcarelink Group Pty Ltd, plus the right to earn out shares.

10 Segment reporting

Information about reportable segments for the six months ended 31 December 2018

	Research & Development 2018	Healthcare/ Workforce 2018	Investments 2018	Total 2018
	\$	\$	\$	\$
External revenues	579,873	80,740		660,613
Interest revenue	21,509	-	-	21,509
Other income	-	-	475	475
Profit/(loss) before tax	(2,079,606)	333,662	51	(1,745,893)
Profit/(loss) after tax	(2,079,606)	333,662	51	(1,745,893)
Segment assets	3,739,154	46,195	1,003,826	4,789,175

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Information about reportable segments for the six months ended 31 December 2017

	Research & Development	Healthcare/Workforce Management	Investments	Total
	2017	2017	2017	2017
	\$	\$	\$	\$
External revenues	(11,808)	20,950	-	9,142
Interest revenue	17,613	-	-	17,613
Other income	-	-	98,400	98,400
Profit/(loss) before tax	(961,198)	(503,487)	98,400	(1,366,285)
Profit/(loss) after tax	(961,198)	(503,487)	98,400	(1,366,285)
Segment assets	5,736,596	187,042	165,600	6,089,238

The aggregate of the assets and profits for each segment is the group total.

The Group comprises of the following three distinct business segments:

1. Research and Development – the operation of conducting health and medical research and development for commercialisation.
2. Healthcare/ Workforce Management – developing and providing recruitment solutions in aged and community care (Business discontinued)
3. Investments – investing of excess funds in approved instruments including Australian listed equities.

11 Discontinued Operations

On 18 October 2018 Newly Pty Ltd, (subsequently renamed ACN 158 797 936 Pty Ltd) a fully owned subsidiary of Novita Healthcare, sold its entire business as a going concern. In consideration for the sale the consolidated entity received 600 fully paid shares at \$1,000 per share amounting to \$600,000 in Healthcarelink Group Pty Ltd, plus the right to earn out shares.

Financial Performance Information

	31 December 2018	31 December 2017
	\$	\$
Sales Revenue	80,740	-
Total Revenue	80,740	20,950
Personnel Expenses	(236,000)	(295,690)
Other Expenses	(86,331)	(228,747)
Total Expenses	(322,331)	(524,437)
Loss before income tax expense	(241,591)	(503,487)
Income tax expense	-	-
Loss after income tax expense	(241,591)	(503,487)
Gain on disposal after income tax expense	575,253	-
Profit/(loss) on disposal after Income tax from discontinued operations	333,662	(503,487)

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Newly Cash Flow for 6 months ending 31 December 2018

	\$
Net Cash used in operating activities	(339,403)
Net cash flows used in discontinued operations	(339,403)

Newly net assets disposed of as at sale date

	\$
Database	-
Total net assets	-

Details of disposal as at sale date

	\$
Total sale consideration	600,000
Total value of net assets disposed	-
Less disposal costs	(24,747)
Gain on disposal before income tax	575,253
Income tax	-
Gain on disposal after income tax	575,253

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Directors' declaration

In the opinion of the directors of Novita Healthcare Limited ('the Company'):

- (a) the condensed financial statements and notes set out on pages 9 to 20, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; 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

Dated at Melbourne this 26th day of February 2019.

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



Sue MacLeman
Chair

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NOVITA HEALTHCARE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Novita Healthcare Limited (the 'Company') and its Controlled Entities (the 'Group') which comprises the consolidated condensed statement of financial position, as at 31 December 2018, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed of changes in equity, and consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2018 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 Novita Healthcare 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Novita Healthcare Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 Novita Healthcare Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



R B MIANO
Partner

Dated: 26 February 2019
Melbourne, Victoria