

**CARDIEX LIMITED  
AND CONTROLLED ENTITIES  
ABN 81 113 252 234**

**HALF YEAR REPORT  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2019**



**CARDIEX LIMITED  
AND CONTROLLED ENTITIES  
ABN 81 113 252 234**



**CORPORATE DIRECTORY**

**DIRECTORS**

Mr. Niall Cairns (Chairman)  
Mr. King Nelson  
Mr. Craig Cooper

**COMPANY SECRETARY**

Mr. Jarrod White

**CHIEF FINANCIAL OFFICER**

Mr. Jarrod White

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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Sydney NSW 2000  
Telephone: (02) 9874 8761  
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**SHARE REGISTRY**

Link Market Services  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: (02) 8280 6000  
Website: [www.linkmarketservices.com](http://www.linkmarketservices.com)

**AUDITORS**

BDO East Coast Partnership  
Level 11, 1 Margaret Street  
Sydney NSW 2000  
Telephone: (02) 9251 4100  
Facsimile: (02) 9240 9821  
Website: [www.bdo.com.au](http://www.bdo.com.au)

**CORPORATE ACCOUNTANT**

Traverse Accountants  
Suite 305, Level 3  
35 Lime Street  
Sydney NSW 2000  
Website: [www.traverseaccountants.com.au](http://www.traverseaccountants.com.au)

**STOCK EXCHANGE LISTING**

CardieX Limited's shares are listed on the Australian Securities Exchange (ASX code: **CDX**).

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**LETTER FROM CRAIG COOPER - CHIEF EXECUTIVE OFFICER**

My Fellow Shareholders,

On behalf of the Board and executive management I thank you for your continued support as we continue executing against our growth and product strategy at CardieX.

Our results show strong performance in the first half as we extend our exposure to three high growth healthcare sectors in medical devices, wearable technologies, and digital and consumer health – while at the same time evolving the Company with new product lines and digital and software solutions.

Importantly, in our core business of medical device sales and clinical trial services, we are on track for 5-year record high revenue growth for FY2020 as new sales processes, market development, and marketing efforts start to show returns. Noting that whilst we finished the first half with slightly stronger revenues than the same corresponding period in 2019 we expect H2 to deliver significantly higher revenues than the same corresponding previous period - **contributing to a total 2020 revenue increase of ~50% over 2019**. This is a significant material achievement with the stronger H2 for 2020 driven mainly by revenue contributions from:

- the high revenue research market where our sales have accelerated in the first 2 months of the second half of 2020 – with over 50% of the H1 revenues already booked in the first 2 months of H2;
- expansion of multiple existing pharmaceutical contracts currently in process, together with additional contract revenue from new clinical trial partners;
- expanding new distribution relationships in the pharmaceutical clinical trial segment;
- enhanced penetration into preventive cardiology practices driven by new lead generation processes and outbound marketing efforts;
- active advocacy in preventive care and increased sales in naturopathic and preventative care markets;
- increased marketing efforts in non-traditional markets such as alternative medicine and naturopathic doctors; and
- increased sales in APAC driven by more focused business development in China and Japan.

Moreover, our IP, technology, and other new solutions currently in development have the potential to disrupt multiple multi-billion-dollar new markets for the Company in preventative diagnostics, patient management, wearables, and consumer/digital health. At the forefront of these new efforts is our development strategy focused on wearables, new clinical and consumer vital signs monitors incorporating our FDA approved technology, as well as our app and SaaS solutions in development for consumers and clinicians. Importantly:

- our 50/50 partnership with Blumio for a wearable 24-hour non-invasive blood pressure monitor incorporating our technology continues to show positive results as we finalize our analysis from the Deborah study as well as our trials at Macquarie University in Sydney, Australia. This project is expected to move to commercialisation in H1, 2021;
- our new product development continues in respect of what will be the **most advanced vital signs monitor for vascular health available in the market at launch**. Our consumer and clinical vital signs monitors are expected to be available to showcase at CES, 2021 in Las Vegas with FDA approval planned for H2, 2021;
- commensurate with the launch of our new vital signs monitoring devices will be the launch of a supporting app for consumers as well as a clinician portal with full EMR (electronic medical record) integration and dual Wifi/Bluetooth connectivity. All software solutions will connect to the CardieX “Vitals Cloud” providing a full ecosystem for clinicians to remotely monitor (and bill) patients as well as obtain reimbursement under the US CPT code that reimburses clinicians for the use of our technology. Both the clinician portal and the consumer app **will provide a new and significant subscription and SaaS revenue stream for the Company** (and clinician partners) commencing in 2021;
- our partnership with Mobvoi in China continues in accordance with the Joint Development Agreement (JDA) for incorporating our technology into their next generation of smart watches and devices. Recent development efforts on our part continue to show advancement and success in extracting advanced cardiovascular data features from a new single point sensor to be incorporated into their smart watches/wearable devices. Final completion of these development efforts (expected in H2) will open up a significant new market ecosystem for us in wearables and smart device manufacturers for the sale/license

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of our sensor technology given that ***what we believe we will be able to implement with Mobvoi will be massively transformative to the medical and smart device industry globally***; and

- our consumer health investment in inHealth continues with positive momentum for the company in terms of new market development and revenues. CardieX currently holds a Convertible Note for \$USD 3M from inHealth which becomes due and payable to CardieX on July 1, 2020 unless otherwise converted to equity at our option. In addition, an option is held to acquire new or existing shares to potentially increase our shareholding to 50.5%. On or before the conversion date your Board will make a decision as to what is in the best interests of CardieX as far as our ongoing ownership and equity participation.

Finally, all of these new development initiatives would not be possible without the incredible team that we have across our Chicago, California, and Sydney offices. Supporting these efforts are significant recent hires and partnerships that are supporting the completion of the above efforts including soon to be announced new hires in product development, artificial intelligence (AI), and medical SaaS and EMR implementation – with new staff joining us from leading medical device companies such as Masimo and Johnson & Johnson.

Going forward in 2020 and into 2021 will continue to be transformative for us as a company - not just in new products and solutions, but also in revenue growth as we see additional revenue contribution from new products as well as a shift in our revenue model to focus on subscription sales and SaaS revenues. I look forward to reporting our progress against these objectives to you over the coming year and I thank you as always for your continuing support as we execute against our vision for CardieX.

Yours truly,



**Craig Cooper  
CEO & Managing Director  
CardieX Limited**

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**OPERATIONAL UPDATE**

**Revenue**

Group revenue for the half year improved to \$2,143,459 from \$1,987,846 in the previous period.

Not included in revenue for the half year is \$965,164 in unearned revenue, including \$918,359 from Bayer, for which cash receipts are expected within 3 months of the half year end and will be recognised as revenue in the next 12 months.

**CardieX/Blumio Joint Development Agreement:**

As investors are aware, CardieX has a 50/50 partnership with Blumio, Inc under a Joint Development Agreement (JDA) to develop non-invasive radar-based sensor for detecting blood pressure (BP) and central blood pressure (cBP) using CardieX technology.

CardieX also has a 7.5% direct ownership in Blumio via Convertible Note increasing to 10% on satisfaction of certain milestones under the JDA.

During the December quarter, Blumio delivered the first iteration of the combined Blumio and CardieX central blood pressure monitoring solution and showcased it at global semiconductor manufacturer Infineon's Oktobertech event in October, 2019. This was a key milestone in the execution of the Joint Development Agreement with CardieX and a significant step toward commercialisation of the sensor.

**Blumio Roche Pilot Program**

Swiss multinational healthcare company Roche selected Blumio for a pilot project to explore the feasibility of integrating Blumio's sensor into Roche's next-generation diagnostics device. If successful, Roche's platform will open the door to deliver a patient monitoring solution in hospitals. The joint solution was presented to the Roche senior leadership team in late December with next steps currently being discussed.

**Blumio Publishes New Paper in December issue of IEEE's "Transactions on Biomedical Circuits and System"**

The papers in this special issue of IEEE present a selection of the latest quality research on wearable and flexible integrated sensors for screening, diagnostics, and treatment. The publication in this issue by the founders of Blumio together with a senior IEEE representative represents further validation of Blumio's method and sensor for non-invasive, contactless measurement of arterial pulse.

**Deborah Patient Study**

Material progress was also made on the refinement of the Blumio's BP algorithms during the quarter based on the data received from the Deborah patient study, which was completed in Q2 2019.

**Mobvoi Joint Development Agreement:**

In Q2 the parties completed Stage 1 of the technical feasibility under the JDA. CardieX and Mobvoi are now advancing into the next phase of collaboration in their JDA with CardieX now initiating validation testing at Macquarie University, which we anticipate completing by May 2020.

**Corporate Activity**

**Placement, Conversion of Notes and Flexible Capital Facility**

The Company raised \$AUD1.5M in funding from C2 Ventures Pty Limited (C2V) during the December quarter, a related company of Executive Chairman Niall Cairns and CEO Craig Cooper, together with support from the company's CFO Jarrod White and other existing major shareholders and broker institutions.

The new capital is being put towards new product development together with ongoing development and operating expenses.

The Company also converted Notes issued on 20 December 2018 to C2V. This conversion resulted in a reduction of \$668,756 in liabilities and the derivative reserve of the Company and leaves a remaining balance of \$237,151 in Notes (represented by 221,194 notes) due to C2V for further conversion to shares at a later date. The issue of shares to C2V was approved by shareholders on 26 February 2019.

The Company entered into a Flexible Capital Facility (FCF) with MST Financial Services Pty Ltd that provides CardieX with the opportunity, but not the obligation to raise and subject to its placement capacity under Listing Rule 7.1, up to \$3 million of capital over the next 18 months.

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**DIRECTORS' REPORT**

The Directors of CardieX Limited (the “**Company**”) submit the financial report of the Company for the half year ended 31 December 2019, which comprises the results of CardieX Limited and the entities it controlled during the period (the “**Group**”).

**Directors**

The following persons held office as Directors of CardieX Limited at any time during or since the end of the reporting period, unless stated otherwise:

Mr. Niall Cairns (Chairman)  
Mr. Craig Cooper  
Mr. King Nelson

**Company Secretary and Chief Financial Officer**

Mr. Jarrod White

**Review of Operations**

The loss for the Group after income tax amounted to \$1,965,395 (31 December 2018: \$1,365,391).

The Group has generated total revenue of \$2,302,757, up from \$2,007,925 in the previous period.

**Principal Activities**

During the period the principal continuing activities of the Group consisted of designing, manufacturing and marketing medical devices for use in cardiovascular health management, and the development of clinical and consumer digital health solutions.

**Dividends**

No dividends were paid or declared by the Group since the end of the previous financial year and the Directors do not recommend dividends be paid for the half year ended 31 December 2019.

**Significant Changes in the State of Affairs**

Throughout the period the group extended the group’s operational and organisational focus into extending the prior intellectual property and business assets of the company into the wearables and telehealth sector.

No other significant changes in the Group’s state of affairs occurred during the financial period.

**Likely Developments and Expected Results of Operations**

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

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**DIRECTORS' REPORT (CONT.)**

**Matters Subsequent to Period End**

In January 2020, the Group engaged leading mobile App, and software infrastructure developer MEDL Mobile to undertake:

- (1) the development and design of a consumer facing App that will interface with the world's first consumer non-invasive Central Blood Pressure Monitor (cBPM), designed by CardieX;
- (2) a clinician portal that will connect clinicians and health professionals with CardieX's devices and wearables; and
- (3) development and design of features and applications to be incorporated into the Mobvoi smart-watch pursuant to the CardieX/Mobvoi Joint Development Agreement (ASX: September, 11, 2019), as well as all future wearable partnerships.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

**Rounding of Accounts**

The Company has applied the relief available under ASIC legislative Instrument 2016/191 and accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

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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**Niall Cairns**

Chairman

Sydney, 28 February 2020



## DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF CARDIEX LIMITED

As lead auditor for the review of CardieX Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CardieX Limited and the entities it controlled during the period.



Grant Saxon  
Partner

**BDO East Coast Partnership**

Sydney, 28 February 2020

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019	31 December 2018
		\$	\$
Sales revenue	2	2,143,459	1,987,846
Other revenue	2	159,298	20,079
		<u>2,302,757</u>	<u>2,007,925</u>
Other income		261,342	391,211
<b>Total income</b>		<b>2,564,099</b>	<b>2,399,136</b>
Cost of sales		(323,574)	(428,480)
Bad debts expense		-	(46,172)
Marketing and sales expense		(982,883)	(1,143,552)
Product development and regulatory expense		(969,569)	(714,234)
Occupancy expense		(247,270)	(186,760)
Administration expense		(2,006,198)	(1,245,329)
<b>Loss before income tax expense</b>		<b>(1,965,395)</b>	<b>(1,365,391)</b>
Income tax expense		-	-
<b>Loss attributable to members of the parent entity</b>		<b>(1,965,395)</b>	<b>(1,365,391)</b>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations		21,639	(44,753)
<b>Total comprehensive loss for the period</b>		<b>(1,943,756)</b>	<b>(1,410,144)</b>
Basic loss per share (cents)	3	(0.28)	(0.25)
Diluted loss per share (cents)	3	(0.28)	(0.25)

These financial statements should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	31 December 2019	30 June 2019
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,137,681	4,980,826
Trade and other receivables		1,023,090	1,014,967
Inventory		269,977	218,930
Other current assets	4	830,963	741,751
<b>TOTAL CURRENT ASSETS</b>		<b>3,261,711</b>	<b>6,956,474</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		540,479	613,351
Intangible assets		61,998	44,183
Financial assets	5	5,758,635	5,597,966
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,361,112</b>	<b>6,255,500</b>
<b>TOTAL ASSETS</b>		<b>9,622,823</b>	<b>13,211,974</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		801,066	498,448
Contract liabilities		965,164	861,884
Provisions		344,370	346,119
Financial liabilities	6	-	3,350,920
Contract lease liabilities		107,035	97,498
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,217,635</b>	<b>5,154,869</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		23,336	21,741
Financial liabilities	6	237,151	778,202
Contract lease liabilities		248,461	306,227
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>508,948</b>	<b>1,106,170</b>
<b>TOTAL LIABILITIES</b>		<b>2,726,583</b>	<b>6,261,039</b>
<b>NET ASSETS</b>		<b>6,896,240</b>	<b>6,950,935</b>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT.)**

	Note	31 December 2019	30 June 2019
		\$	\$
<b>EQUITY</b>			
Contributed equity	8	53,105,071	51,500,876
Reserves		1,656,283	1,613,332
Accumulated losses	9	<u>(47,865,114)</u>	<u>(46,163,273)</u>
<b>TOTAL EQUITY</b>		<u><u>6,896,240</u></u>	<u><u>6,950,935</u></u>

These financial statements should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER  
2019**

	Note	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2018</b>		<b>46,832,833</b>	<b>1,571,498</b>	<b>(43,808,118)</b>	<b>4,596,213</b>
Loss for the half year		-	-	(1,365,391)	(1,365,391)
Other comprehensive income/(loss)		-	(44,753)	-	(44,753)
Total comprehensive income/(loss) for the half year		-	(44,753)	(1,365,391)	(1,410,144)
<b>Transactions with equity holders in their capacity as owners</b>					
Capital placement		2,950,000	-	-	2,950,000
Share issue costs		(221,076)	-	-	(221,076)
Share based payments		63,000	156,297	-	219,297
Options expired		-	(389,802)	389,802	-
		2,791,924	(233,505)	389,802	2,948,221
<b>Balance at 31 December 2018</b>		<b>49,624,757</b>	<b>1,293,240</b>	<b>(44,783,707)</b>	<b>6,134,290</b>
<b>Balance at 1 July 2019</b>					
		<b>51,500,876</b>	<b>1,613,332</b>	<b>(46,163,273)</b>	<b>6,950,935</b>
Loss for the half year		-	-	(1,965,395)	(1,965,395)
Other comprehensive income/(loss)		-	21,639	-	21,639
Total comprehensive income/(loss) for the half year		-	21,639	(1,965,395)	(1,943,756)
<b>Transactions with equity holders in their capacity as owners</b>					
Capital placement	8	1,000,000	-	-	1,000,000
Shares issued on conversion of convertible notes		668,756	(88,441)	-	580,315
Share issue costs		(64,561)	-	-	(64,561)
Share based payments	8	-	373,307	-	373,307
Options expired	8	-	(263,554)	263,554	-
		1,604,195	21,312	263,554	1,889,061
<b>Balance at 31 December 2019</b>		<b>53,105,071</b>	<b>1,656,283</b>	<b>(47,865,114)</b>	<b>6,896,240</b>

These financial statements should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,174,974	2,149,118
Payments to suppliers and employees		(3,666,392)	(3,985,603)
		<u>(1,491,418)</u>	<u>(1,836,485)</u>
Other income		381,267	185,239
Interest received		254	974
<b>Net cash used in operating activities</b>		<u>(1,109,897)</u>	<u>(1,650,272)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments to acquire property, plant and equipment		(38,191)	(67,816)
Payments for convertible notes		(3,490,217)	(509,327)
Payments for intangible assets		(24,310)	-
<b>Net cash used in investing activities</b>		<u>(3,552,718)</u>	<u>(577,143)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	8	956,250	2,950,000
Share issue costs		(64,561)	(232,029)
Finance lease payments		(72,219)	-
Proceeds from loans from related parties		-	1,500,000
<b>Net cash provided by financing activities</b>		<u>819,470</u>	<u>4,217,971</u>
<b>Net (decrease)/increase in cash held</b>		<b>(3,843,145)</b>	1,990,556
Cash and cash equivalents at beginning of financial period		4,980,826	2,736,517
Effects of foreign currency exchange		-	8,291
<b>Cash and cash equivalents at end of financial period</b>		<u><u>1,137,681</u></u>	<u><u>4,735,364</u></u>

These financial statements should be read in conjunction with the accompanying notes.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

These condensed general purpose financial statements represent those of CardieX Limited (“CardieX”) for the interim half year reporting period ended 31 December 2019 and its controlled entities (the “consolidated group” or “group”) and 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'. The separate financial statements of the parent entity, CardieX Limited, have not been presented within this financial report pursuant to the Corporations Act 2001.

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

Comparative figures have been adjusted to conform to changes in presentation for the current reporting period.

**Accounting Policies**

**a) Going Concern**

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

At the date of signing, the Directors have assessed that there is a material uncertainty related to going concern that may cast significant doubt over the ability of the Group to continue as a going concern given that the Group incurred a loss after tax of \$1,965,395 (2018: \$1,365,391) and had net cash outflows from operating activities of \$1,109,897 for the half year ended 31 December 2019 (2018: \$1,650,272). As a result of these conditions the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has cash and cash equivalents of \$1,137,681 as at 31 December 2019 (30 June 2019: \$4,980,826). As at that date, the Group had net current assets of \$1,044,076 (30 June 2019: \$1,801,605) and net assets of \$6,896,240 (30 June 2019: \$6,950,935). The Group has performed a cash flow forecast and determined that it has adequate cash resources in place to fund its operations for the next 12 months
- If required, the Group has the ability to continue to raise additional funds on a timely basis pursuant to the Corporations Act 2001. The Group has and the Directors have no reason to believe that it will not be able to continue to source equity or alternative funding if required; and
- The Group has the ability to scale back a significant portion of its development activities if required.

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 2: REVENUE**

	31 December 2019	31 December 2018
	\$	\$
<i>Sales revenue</i>		
Sale of goods	2,143,459	1,987,846
	<u>2,143,459</u>	<u>1,987,846</u>
<i>Other revenue</i>		
Interest received	159,298	20,079
Total revenue	<u>2,302,757</u>	<u>2,007,925</u>

**NOTE 3: LOSS PER SHARE**

a. Reconciliation of earnings:		
Loss after tax	<u>(1,965,395)</u>	<u>(1,365,391)</u>
	<b>No.</b>	<b>No.</b>
b. Weighted average number of ordinary shares outstanding during the half year used in calculating EPS	700,482,797	541,383,092
	<b>Cents</b>	<b>Cents</b>
c. Basic loss per share	<u>(0.28)</u>	<u>(0.25)</u>
d. Diluted loss per share	<u>(0.28)</u>	<u>(0.25)</u>

**NOTE 4: OTHER CURRENT ASSETS**

	31 December 2019	30 June 2019
	\$	\$
Prepayments	146,668	114,228
Contract assets	207,659	92,879
R&D Tax Incentive	248,529	431,532
Other	228,107	103,112
	<u>830,963</u>	<u>741,751</u>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 5: FINANCIAL ASSETS**

	31 December 2019	30 June 2019
NON-CURRENT FINANCIAL ASSETS	\$	\$
Blumio convertible note	897,516	870,743
inHealth investment	343,974	343,974
inHealth convertible note	4,517,145	4,383,249
Total	<u>5,758,635</u>	<u>5,597,966</u>

In March 2018, the Company entered into a convertible note purchase agreement for the acquisition of a Convertible Note (the "Note") issued by Blumio Inc, payable in instalments. The full principal balance of US\$600,000 payable under the Blumio Note agreement was met on 14 March 2019.

The Company entered into a separate convertible note arrangement to acquire inHealth Medical Services, Inc. As at 31 December 2019, the total convertible note asset was \$4,517,145 made up of the initial \$4,267,106 payment and \$205,039 in interest. As at 31 December 2019, the Company holds 7.7% equity in inHealth Medical Services, Inc. The convertible note matures on July 1, 2020 unless otherwise converted to equity at our option.

**NOTE 6: FINANCIAL LIABILITIES**

	31 December 2019	30 June 2019
	\$	\$
CURRENT		
Balance due on convertible note purchased	-	3,350,920
NON-CURRENT		
Convertible note liabilities	237,151	778,202
	<u>237,151</u>	<u>4,129,122</u>

In January 2019, C2 Ventures Pty Ltd applied to the Company for 2,500,000 convertible notes at \$1 per note. On 6 March 2019, 1,638,503 notes were converted to shares and a further 640,303 notes were converted to shares on 21 November 2019.

**NOTE 7: CONTROLLED ENTITIES**

**Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		31 December 2019	30 June 2019
PARENT ENTITY:			
CardieX Limited	Australia		
SUBSIDIARIES OF CARDIEX LIMITED			
AtCor Medical Pty Limited	Australia	100	100
AtCor Medical Inc	USA	100	100
CardieX (Shanghai) Medical Technology Co., Ltd.	China	100	-

\* Percentage of voting power is in proportion to ownership

**CARDIEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 8: ISSUED CAPITAL**

	31 December 2019		30 June 2019	
	No of Shares	\$	No of Shares	\$
<b>(a) Ordinary shares</b>				
At the beginning of reporting period	695,502,228	51,500,876	531,018,793	46,832,833
Placements in the period	36,363,637	1,000,000	100,000,000	3,000,000
Shares issued on conversion of convertible notes	21,343,425	668,756	54,616,769	1,630,780
Shares issued in lieu of payment to key executives	-	-	9,800,000	287,000
Shares issued on exercise of options	-	-	66,666	2,200
Cost of raising capital	-	(64,561)	-	(251,937)
Closing balance at reporting date	<b>753,209,290</b>	<b>53,105,071</b>	<b>695,502,228</b>	<b>51,500,876</b>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	31 December 2019		30 June 2019	
	No of Rights	\$	No of Rights	\$
<b>(b) Rights on Issue</b>				
At the beginning of reporting period	36,000,000	230,975	24,000,000	4,466
Issued under Performance Rights Plan	-	-	20,000,000	159,859
Rights converted during the period	-	-	(8,000,000)	(224,000)
Rights vesting expense in current period	-	270,337	-	290,650
Closing balance at reporting date	<b>36,000,000</b>	<b>501,312</b>	36,000,000	230,975

The terms of the rights on issue are as follows:

Tranche	Number of performance rights	Will vest if 30 day VWAP exceeds:
2	8,000,000	\$0.08
3	8,000,000	\$0.12
4	4,000,000	\$0.08
5	4,000,000	\$0.12
6	12,000,000	\$0.15

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 8: ISSUED CAPITAL (CONT.)**

	31 December 2019		30 June 2019	
	No of Options	\$	No of Options	\$
<b>(c) Options on Issue</b>				
At the beginning of reporting period	<b>161,307,625</b>	<b>786,590</b>	150,050,958	1,059,508
Options vesting expense	-	<b>102,970</b>	-	63,475
Options issue to key management personnel	-	-	3,000,000	129,404
Options issue to employees	-	-	15,300,000	92,896
Expired and lapsed employee options	<b>(2,975,000)</b>	<b>(263,554)</b>	(7,043,333)	(558,693)
Free attaching options (1 for 4) as attaching to placement	<b>9,090,910</b>	-	-	-
Closing balance at reporting date	<b>167,423,535</b>	<b>626,006</b>	161,307,625	786,590

**NOTE 9: ACCUMULATED LOSSES**

	31 December 2019	30 June 2019
Opening balance	<b>(46,163,273)</b>	(43,808,118)
Losses for the period	<b>(1,965,395)</b>	(2,979,278)
Transfer from share-based payments reserve	<b>263,554</b>	624,123
Closing balance at end of financial period	<b>(47,865,114)</b>	(46,163,273)

**NOTE 10: EVENTS AFTER THE BALANCE SHEET DATE**

In January 2020, the Group engaged leading mobile App, and software infrastructure developer MEDL Mobile to undertake:

- (1) the development and design of a consumer facing App that will interface with the world's first consumer non-invasive Central Blood Pressure Monitor (cBPM), designed by CardieX;
- (2) a clinician portal that will connect clinicians and health professionals with CardieX's devices and wearables; and
- (3) development and design of features and applications to be incorporated into the Mobvoi smart-watch pursuant to the CardieX/Mobvoi Joint Development Agreement (ASX: September, 11, 2019), as well as all future wearable partnerships.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

**CARDIEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 11: SEGMENT REPORTING**

**(a) Description of segments**

In the half year 2020 financial period, the Group operated in one operating segment, being sales of cardiovascular devices and services to hospitals, clinics, research institutions and pharmaceutical companies.

Management has determined the reporting segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board generally considers the business from a geographical perspective and has identified three reportable segment by geographic area.

Geographic areas are:

- Americas (includes global pharmaceutical trials business)
- Europe (includes Middle East and Africa)
- Asia Pacific (includes Asia & Australia/NZ)

**(b) Segmental information provided to the Board**

	Americas	Europe	Asia Pacific	Inter- segment eliminations/ unallocated	Consolidated
	\$	\$	\$	\$	\$
<b>31 December 2019</b>					
Sales to external customers	1,615,627	240,872	286,960	-	2,143,459
Intersegment sales	110,160	-	65,714	(175,874)	-
Total sales revenue	1,725,787	240,872	352,674	(175,874)	2,143,459
Other revenue	-	-	159,298	-	159,298
Total segment revenue	1,725,787	240,872	511,972	(175,874)	2,302,757
<b>Segment result</b>	<b>(747,871)</b>	<b>126,817</b>	<b>(1,331,113)</b>	<b>(13,228)</b>	<b>(1,965,395)</b>
Unallocated revenue less unallocated expenses					-
Loss before income tax					<b>(1,965,395)</b>
Income tax expense					-
<b>Loss for the period</b>					<b>(1,965,395)</b>
<b>31 December 2018</b>					
Sales to external customers	1,421,711	308,107	258,028	-	1,987,846
Intersegment sales	-	-	40,204	(40,204)	-
Total sales revenue	1,421,711	308,107	298,232	(40,204)	1,987,846
Other revenue	-	-	20,079	-	20,079
Total segment revenue	1,421,711	308,107	318,311	(40,204)	2,007,925
<b>Segment result</b>	<b>(706,289)</b>	<b>136,148</b>	<b>(809,432)</b>	<b>747,879</b>	<b>(631,694)</b>
Unallocated revenue less unallocated expenses					(733,697)
Loss before income tax					(1,365,391)
Income tax expense					-
<b>Loss for the period</b>					<b>(1,365,391)</b>

**CARDIEX LIMITED  
AND CONTROLLED ENTITIES  
ABN 81 113 252 234**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 11: SEGMENT REPORTING (CONT.)**

**(c) Notes to and forming part of the segment information**

*Inter-segment transfers*

Segment revenues, expenses and results include transfers between segments. The group transfer inventory and finished goods between its group companies. Such transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

*Segment revenue*

There was no significant concentration of revenue attributable to one customer in the 6 months to December 2019 (2018: \$nil).

**(d) Disaggregation of revenue**

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

<b>31 December 2019</b>	<b>Americas</b>	<b>Europe</b>	<b>Asia Pacific</b>	<b>Consolidated</b>
	\$	\$	\$	\$
Sale of goods	581,006	232,412	176,024	989,442
Lease income	698,476	-	-	698,476
Service income	311,017	6,479	1,748	319,244
Freight income	25,128	1,981	1,202	28,311
Royalty income	-	-	107,986	107,986
Total sales revenue	<u>1,615,627</u>	<u>240,872</u>	<u>286,960</u>	<u>2,143,459</u>
Other revenue	-	-	159,298	159,298
<b>Total revenue</b>	<u><b>1,615,627</b></u>	<u><b>240,872</b></u>	<u><b>446,258</b></u>	<u><b>2,302,757</b></u>

<b>31 December 2018</b>	<b>Americas</b>	<b>Europe</b>	<b>Asia Pacific</b>	<b>Consolidated</b>
	\$	\$	\$	\$
Sale of goods	805,351	307,046	225,043	1,337,440
Lease income	364,874	-	-	364,874
Service income	245,414	(475)	-	244,939
Freight income	6,072	1,536	1,134	8,742
Royalty income	-	-	31,851	31,851
Total sales revenue	<u>1,421,711</u>	<u>308,107</u>	<u>258,028</u>	<u>1,987,846</u>
Other revenue	-	-	20,079	20,079
<b>Total revenue</b>	<u><b>1,421,711</b></u>	<u><b>308,107</b></u>	<u><b>278,107</b></u>	<u><b>2,007,925</b></u>

**CARDIEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**NOTE 12: CAPITAL COMMITMENTS**

There are no capital commitments present for the Group at 31 December 2019.

**NOTE 13: COMPANY DETAILS**

**The registered office of the Company is:**

CardieX Limited  
Suite 303, Level 3  
15 Lime Street  
Sydney NSW 2000

***The principal place of business is:***

CardieX Limited  
Suite 303, Level 3  
15 Lime Street  
Sydney NSW 2000

**CARDIEX LIMITED  
AND CONTROLLED ENTITIES  
ABN 81 113 252 234**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes as set out on pages 9 to 21 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (d) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date.

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

On behalf of the Directors:



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**Niall Cairns**  
Chairman  
Sydney, 28 February 2020

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of CardieX Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of CardieX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of 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 half-year financial report of the Group is not 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 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### 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 Group's financial position as at 31 December 2019 and its financial 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 Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **BDO East Coast Partnership**

A stylized, handwritten-style logo of the letters 'BDO' in black ink.

A handwritten signature in black ink, appearing to read 'Grant Saxon'.

**Grant Saxon**  
**Partner**

Sydney, 28 February 2020