

ASX APPENDIX 4D

Half Year Financial Report to 30 June 2019

1. DETAILS OF REPORTING PERIOD

Name of Entity	G Medical Innovations Holdings Ltd (“the Company”)
ARBN	617 204 743
Reporting Period	30 June 2019
Previous Corresponding Period	30 June 2018

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 JUNE 2019 US \$'000	30 June 2018 US \$'000	Increase/ (decrease) %	Amount change US\$
Revenues from ordinary activities	2,908	1,001	191%	1,907
Profit/(Loss) after tax from ordinary activities attributable to members	(6,839)	(8,509)	20%	1,670
Profit/(Loss) after tax attributable to members	(6,839)	(8,509)	20%	1,670
	Amount Per Security	Amount Per Security	Franked Amount Per Security	
Final Dividend	Nil	Nil	Nil	
Interim Dividend	Nil	Nil	Nil	
Previous Corresponding Period	Nil	Nil	Nil	
Record Date for Determining Entitlements	Not Applicable			

Commentary on results:

G Medical Innovations Holdings Ltd (the Company) reports on half year results as of 30 June 2019.

During H1 2019 the company generated revenues of US\$ 2.908 million versus US\$ 1.001 million in H1 2018 and decreased its net loss from US\$ 8.509 million in H1 2018 to US\$ 6.839 million in H1 2019.

The increase of H1 2019 revenues was mainly derived from Telerhythmics revenue of US\$ 1.73 million. Telerhythmics was acquired by the Company in 11/2018.

The decrease in net loss was derived mainly by the decrease in the R&D and S&M expenses from US\$ 4.876 in H1 2018 to US\$ 2.263 in H1 2019.

3. NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2019	30 June 2018
Net tangible asset backing per ordinary security	(0.018) cents	0.002 cents

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the corresponding period (where material)	N/A

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 30 June 2019

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not applicable

8. FOREIGN ENTITIES

The interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

9. AUDIT

The interim financial information for the six-month period ended 30 June 2019 presented has been reviewed and are not subject to any audit dispute or qualification.



Yacov Geva
Chief Executive Officer

Date: August 30, 2019

For personal use only

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2019

**G MEDICAL INNOVATIONS HOLDINGS
LTD ARBN 617 204 743**

(A company incorporated in the Cayman Islands) and its subsidiaries

CORPORATE DIRECTORY

Registered Office

P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands

Telephone: +1 345 749 2000

Email: Info@gmedinnovations.com Website: <http://gmedinnovations.com>

Share Registry

Automic Registry Services Level 2, 267 St Georges Terrace
Perth WA 6000 AUSTRALIA

Phone 1300 288 664 (within Australia) +61 2 9698 5414 (overseas)

Fax +61 8 9321 2337

Email hello@automic.com.au Web www.automic.com.au

Securities Exchange Listing

Australian Securities Exchange Limited (ASX) ASX Code: GMV

Solicitors Australia

DLA Piper Australia Level 21
140 William Street
VIC 3000
AUSTRALIA

Cayman Islands

Carey Olsen
P.O. Box 10008
Willow House, Cricket Square
Grand Cayman, KY1-1001 Cayman Islands

Auditor

BDO Ziv Haft
Head Office: Amot Bituach House Building B, 48
Menachem Begin Road, Tel Aviv 66180 ISRAEL

CONTENTS

DIRECTORS' REPORT	6
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS	9
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	10
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS	12
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)	13
CONSOLIDATED STATEMENTS OF CASH FLOWS	14
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS	16
DIRECTORS' DECLARATION	23
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS (ORIGINAL)	24
AUDITORS INDEPENDENT DECLARATION (ORIGINAL)	25

For personal use only

DIRECTORS' REPORT

The Directors of G Medical Innovations Holdings Limited (the **Company**) and controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half year ended 30 June 2019 (**Financial Period**).

DIRECTORS

The names and the particulars of the Directors of the Company to the date of this report are:

NAME	STATUS	APPOINTED/RESIGNED
Dr Yacov Geva	President and Chief Executive Officer	Appointed 3 October 2014
Dr Kenneth R Melani	Non-Executive Chairman	Appointed 21 August 2014
Dr Shuki Gleitman	Non-Executive Director	Appointed 24 February 2017
Dr Brendan de Kauwe	Non-Executive Director	Appointed 24 February 2017
Mr Urs Wettstein	Non-Executive Director	Appointed 24 February 2017
Professor Zeev Rotstein	Non-Executive Director	Appointed 5 March 2019

COMPANY SECRETARY

Mr Steven Wood - Appointed 2 July 2018

REVIEW AND RESULTS OF OPERATIONS

G Medical Innovations Holdings Ltd (The Company) reports on the half year results as of 30 June 2019 on a net loss of US\$ 6.839 million versus US\$ 8.509 million in the comparable period of 2018.

The Company increased its revenues to US\$ 2.908 million from US\$ 1.001 million in H1 2018. The increase was mainly derived from revenue of US\$ 1.7 million which was generated by Telerhythmics, which was acquired by the Company in 11/2018.

The revenues were offset by the following costs:

- Cost of revenues increased from US\$ 1.1 million in H1 2018 to US\$ 2.68 million. That includes expenses of US\$ 1.265 million attributed to the Cost of services of Telerhythmics.
- The operating expenses dropped from US\$ 9.205 million in H1 2018 to US\$ 6.982 million, as a result of a decrease in the R&D and the S&M expenses.
- The Finance expenses increased from an income of US\$ (0.382) million in H1 2018 to finance expenses of US\$ 1.116 million. That includes:
 - Expenses of US\$ 0.35 million attributed to the Finance expenses as a result of conversion of the Convertible Loans into shares.
 - Expenses of US\$ 0.334 million attributed to the Finance expenses as a result of adjusting the fair value as of 30.6.19 of the convertible loans.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Shareholders' of G Medical Innovations Holdings Ltd and its subsidiaries on page 25 forms part of the Directors' Report for the half year ended 30 June 2019.

This report is signed in accordance with a resolution of the Board of Directors.



Dr Yacov Geva
President and Chief Executive Officer
August 30, 2019

For personal use only

For personal use only



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS

Introduction

We have reviewed the accompanying consolidated statements of financial position of G medical innovations holdings ltd. and its subsidiaries (the "Company") as of June 30, 2019 and the related consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Tel-Aviv, Israel August 30, 2019

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Company as of June 30, 2019, and of its consolidated financial performance and its cash flows for the six month period then ended in accordance with International Accounting Standard IAS 34.

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2019 Unaudited \$ in thousands	Dec 31, 2018 Audited \$ in thousands
CURRENT ASSETS			
Cash and cash equivalents		352	2,634
Restricted cash		716	714
Inventories		1,333	1,355
Trade receivables, net		821	705
Other accounts receivable		696	973
Intangible assets, net		502	1,254
Total current assets		4,420	7,635
NON-CURRENT ASSETS			
Other assets		198	242
Goodwill		2,844	2,844
Property, plant and equipment, net	2	4,167	3,455
TOTAL ASSETS		11,629	14,176
CURRENT LIABILITIES			
Short term loan and current portion of long term loans		881	1,290
Trade payables		2,653	2,392
Loan from controlling shareholder		4,464	6,342
Derivative liabilities - warrants		534	888
Short term portion of lease liability	2	496	-
Other accounts payable		451	1,005
Total current liabilities		9,479	11,917
NON-CURRENT LIABILITIES			
Long term lease liability	2	501	-
Convertible securities		2,951	3,035
Deferred income taxes		173	392
Long term bank loans		1,621	1,422
Total non-current liabilities		5,246	4,849

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION CONTINUED

	Note	June 30, 2019 Unaudited \$ in thousands	Dec 31, 2018 Audited \$ in thousands
SHAREHOLDERS' EQUITY (DEFICIT)			
Ordinary shares; \$0.001 par value, 1,000,000,000 shares authorized, 396,118,560 and 361,032,266 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively.	4	396	361
Other reserve		1,500	1,500
Translation and other funds		(1)	(1)
Additional paid in capital		46,497	39,880
Accumulated losses		(55,166)	(48,327)
G Medical Innovations Holdings Ltd. Shareholders' Equity (Deficit)		(6,774)	(6,587)
Non-controlling interest		3,678	3,997
Total Equity (Deficit)		(3,096)	(2,590)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		11,629	14,176

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Six months period ended June 30, 2019 Unaudited \$ in thousands	Six months period ended June 30, 2018 Unaudited \$ in thousands
Revenues		
Services	2,907	985
Products	1	16
Total Revenues	2,908	1,001
Cost of Revenues:		
Cost of Services	2,592	1,018
Cost of Sales of products	85	86
Total Cost of Revenues	2,677	1,104
Gross profit (loss)	231	(103)
Operating Expenses:		
Research and development expenses	1,274	2,528
Selling and marketing	989	2,348
General and administrative expenses	4,719	4,329
Operating Loss	6,751	9,308
Financial income	(156)	(537)
Finance expenses	1,272	155
Loss before taxes on income	7,867	8,926
Taxes on income	(709)	(155)
Net comprehensive loss	7,158	8,771
Net comprehensive loss for the six months period attributed to:		
Non-controlling interests	319	262
G Medical innovations holdings ltd. shareholders'	6,839	8,509
Basic loss per share attributable to G Medical innovations holdings ltd. shareholders'	US\$(0.019)	US\$(0.025)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

For the six months period ended June 30, 2019:

	Share capital	Other reserve	Translation and other funds	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholders' deficit
Unaudited US\$ In thousands								
Balance at January 1, 2019	361	1,500	(1)	39,880	(48,327)	(6,587)	3,997	(2,590)
Changes during the period:								
Conversion of loans from controlling shareholder	29	-	-	5,289	-	5,318	-	5,318
Options exercise into shares	(*)	-	-	(*)	-	(*)	-	(*)
Share based compensation	2	-	-	450	-	452	-	452
Conversion of convertible securities to shares	4	-	-	878	-	882	-	882
Total comprehensive loss	-	-	-	-	(6,839)	(6,839)	(319)	(7,158)
Balance at June 30, 2019 (Unaudited)	396	1,500	(1)	46,497	(55,166)	(6,774)	3,678	(3,096)

* Represents an amount lower than \$ 1 thousand.

For the six months period ended June 30, 2018

	Share capital	Other reserve	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholders' equity
Unaudited US\$ In thousands							
Balance at January 1, 2018	340	1,500	38,723	(32,065)	8,498	4,710	13,208
Changes during the period:							
Options exercise into shares	(*)	-	(*)	-	-	-	(*)
Share based compensation	-	-	138	-	138	-	138
Total comprehensive loss	-	-	-	(8,509)	(8,509)	(262)	(8,771)
Balance at June 30, 2018 (Unaudited)	340	1,500	38,861	(40,574)	127	4,448	4,575

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months period ended June 30, 2019 Unaudited \$ in thousands	Six months period ended June 30, 2018 Unaudited \$ in thousands
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(7,158)	(8,771)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,630	1,131
Share based compensation	452	138
Conversion of convertible securities to shares	350	-
Change in fair value of derivatives	(240)	(537)
Accrued interest of long term loans	46	(30)
Changes in deferred income taxes	(219)	(204)
Change in fair value of convertible securities	334	-
Capital loss from sale of fixed assets	-	5
Increase in trade receivable	(116)	(407)
Decrease (increase) in other accounts receivable	318	(407)
Decrease (increase) in inventories	22	(1,053)
Increase in trade payables	261	948
Increase (decrease) in other accounts payable	(555)	61
Accrued interest on loan from controlling shareholder	460	52
Exchange rate differences	22	(33)
Change in restricted cash	(2)	2
Net cash used in operating activities	(4,395)	(9,105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(299)	(2,073)
Purchase of other assets	(34)	-
Proceeds from sale of fixed assets	-	91
Restricted cash	-	(660)
Net cash used in investing activities	(333)	(2,642)

CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED

Six months period ended June 30, 2019 Unaudited	Six months period ended June 30, 2018 Unaudited
\$ in thousands	\$ in thousands

CASH FLOWS FROM FINANCING ACTIVITIES

Options exercise into shares	*	*
Loan received from controlling shareholder	2,980	1,500
Receipts of long term loans	1,337	59
Payment of lease liability	(256)	-
Repayment of long -term loans	(1,593)	(613)
Repayment of short -term loans	-	(186)
Net cash provided by financing activities	2,468	760
Decrease in cash and cash equivalents	(2,260)	(10,987)
Cash and cash equivalents at beginning of the period	2,634	14,158
Effects of exchange rate changes on cash and cash equivalents	(22)	33
Cash and cash equivalents at the end of the period	352	3,204

* Represents an amount lower than US\$ 1 thousand.

APPENDIX A-Amount paid/(received) during the period for:

APPENDIX A	Six months period ended June 30, 2019 Unaudited	Six months period ended June 30, 2018 Unaudited
	\$ in thousands	\$ in thousands
Amount paid/ (received) during the period for:		
Interest	56	131
Tax	(26)	26

APPENDIX B -NON-CASH ACTIVITIES:

APPENDIX B	Six months period ended June 30, 2019 Unaudited	Six months period ended June 30, 2018 Unaudited
	\$ in thousands	\$ in thousands
Non-Cash Activities:		
Conversion of convertible securities into shares	419	-
Purchase of property, plant and equipment	289	64
Conversion of loan from controlling shareholder into shares	5,318	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS:

Overview:

G Medical Innovations Holdings Ltd. ("G Medical," and together with its subsidiaries, the "Company") was incorporated in October 2014 under Cayman Island law.

The Company is ushering in a new era of healthcare and wellness by utilizing its patent-pending wireless technologies, and proprietary information technology and service platforms, to empower a new generation of consumers, patients and providers to improve quality of life. The Company develops the next generation of mobile technologies that will empower consumers and providers to better monitor, manage, and improve clinical and personal health outcomes.

The Company offers a suite of both consumer and clinical grade products and platforms which are positioned to reduce inefficiencies in healthcare delivery, improve access, reduce costs, increase quality of care, and make healthcare more personalized and precise.

The Company has incurred negative cash from operation and net losses for current and recent years. The company financed its operation up to date by using bank credit line, issuance of shares, and loan from its major shareholder. The Company's major shareholder committed to continue and support the Company's ongoing operation for the foreseeable future.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

These condensed interim financial statements have been prepared in compliance with the requirements of International Accounting Standard IAS 34 "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the period ended December 31, 2018.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the last annual financial statements of the Company for the period ended December 31, 2018, except for the applying of a new standard effective as of January 1, 2019.

New standard, interpretation and amendment effective from January 1, 2019

IFRS 16 Leases

Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with exemption to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing acting as a lessor.

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application.

IFRS 16 provides for certain optional practical expedients, including those related to the initial application of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied the exemption not to recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On applying of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space and automobiles, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at January 1, 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 4.18%.

The right-of-use assets were measured in respect of all leases as follows: Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at January 1, 2019 (unaudited).

	<u>Under previous policy</u>	<u>The change</u>	<u>Under IFRS 16</u>
Non-current assets:			
Property, plant and equipment, net	-	1,249	1,249
Current liabilities:			
Short term portion of lease liability	-	539	539
Non-current liability:			
Long term lease liability	-	710	710

Included in profit or loss for the period are 268 of amortisation of right-of-use assets and 21 of finance expense on lease liabilities.

Significant Accounting Policies subsequent to Transition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.):

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the group if it is reasonable certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining useful life of the right of use asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease. The remeasurement is recorded versus the right-of-use assets.

The following is a reconciliation of the Company's liabilities in respect of operating leases disclosed in the financial statements as of December 31, 2018, discounted at the incremental interest rate on the initial implementation date and lease commitments recognized on January 1, 2019 (Unaudited):

	USD
Operating lease commitments as of December 31, 2018	1,109
Weighted average incremental borrowing rate as of January 1, 2019	4.18%
Discounted operating lease commitments	1,249
Lease liabilities as of January 1, 2019	1,249

NOTE 3-FAIR VALUE MEASUREMENT:

The following table sets out the Company's liabilities that are measured at fair value in the financial statements:

	Fair value measurements using input type			
	June 30, 2019 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	-	-	(534)	(534)
Convertible securities	-	-	(2,951)	(2,951)
	Fair value measurements using input type			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	-	-	(888)	(888)
Convertible securities	-	-	(3,035)	(3,035)

The fair value measurements of the warrants and the Convertible securities in the table above, were estimated using a Monte Carlo simulation analysis, based on a variety of significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy. As of the issue date of the warrants and Convertible securities, the key inputs that were used in measuring the fair value of the warrants and the Convertible securities were: the risk free interest rate- 1.04%, the expected volatility-73% and the AUD/USD exchange rate -0.7.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 3-FAIR VALUE MEASUREMENT (Cont.):

As of December 31, 2018, the key inputs that were used in measuring the fair value of the Convertible securities were: the risk free interest rate- 1.56%, the expected volatility-70% and the AUD/USD exchange rate -0.7049.

The following tables describes the change in the Company's liabilities that are measured at level 3 in the financial statements:

	Derivative liability
Derivative liability - warrants as of December 31, 2018	(888)
Receipts of derivative liability	(65)
Change in fair value of derivative liability	419
Derivative liability - warrants as of June 30, 2019	(534)

	Convertible Securities
Convertible securities as of December 31, 2018	(3,035)
Conversion of convertible Securities	419
Change in fair value of convertible securities	(335)
Convertible securities as of June 30, 2019	(2,951)

NOTE 4 -SHAREHOLDERS' EQUITY:

The ordinary shares in the Company confer upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends, if and when declared.

	Number of shares			
	June 30, 2019		December 31, 2018	
	Unaudited		Audited	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares of US\$0.001 par value	1,000,000,000	396,118,560	1,000,000,000	361,032,266

1. During the first half year of 2019, the Company issued 3,573,551 ordinary shares upon conversion of convertible notes (See also Note 3).
2. During the first half year of 2019, the Company issued 29,239,490 ordinary shares upon conversion of the Company's controlling shareholder loans (See also Note 5A).

Options and shares granted to employees and service providers:

1. During the first half year of 2019, 23,250 fully vested options were converted into shares of the Company with \$ 0.00001 exercise price per share on 1:1 basis.
2. On June 24, 2019 the General meeting approved to issue an aggregate of 2,000,000 shares to the Board of Directors and 250,000 shares to the Company secretary. Also, they approved the issue of 100,000 options for previous director and 500,000 performance rights to a new director.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 5 - RELATED PARTIES AND SHAREHOLDERS:

The following transactions arose with related parties:

Transaction	Period of six months ended June 30,	Period of six months ended June 30,
	2019	2018
	Unaudited	Unaudited
Key management personnel	590	704
Financial expenses	460	52
Liabilities to related parties:		
Transaction	Period of six months ended June 30,	December 31
	2019	2018
	Unaudited	Audited
Key management personnel (Other accounts payable)	237	368
Loans from a controlling shareholder	4,464	6,342

In May 2018, the Company signed an agreement to receive a short-term loan up to 3 million from its major shareholder.

The loan bears an interest of 10% per annum with a repayment date of April 30, 2019 and is unsecured. The agreement was amended in October 2018, such that the aggregate amount available to the Company is 10 million. The loan is unsecured, and bears multiple fixed interest rates, calculated on a linear basis from the disbursement date of each installment of the principal amounts: (i) 10% per annum for all amounts drawn until October 1, 2018 and (ii) 12% per annum for all amounts drawn as of October 1, 2018. Upon lender's discretion, this loan agreement can be extended from repayment date April 30, 2019 to December 31, 2019 at a fixed interest rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the principal amount and until its repayment in accordance with the terms hereunder (the "Interest"). If the loan agreement will be extended, for any reason whatsoever to December 31, 2019, the Loan Amount shall bear interest at a fixed rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the Principal Amount from April 30, 2019 up to its repayment in full accordance with the terms hereunder (the "Interest").

During the first half year of 2019, the Company received from its controlling shareholder an additional amount of 2,980 in the same terms of the loan agreement as mentioned above and a commitment to finance the Company in the foreseeable future. During April and June 2019, the general meeting of the Company approved loans conversion to shares of its controlling shareholder in the amount of 3,318 and 2,000 to 14,706,719 and 14,532,771 shares respectively. As of June 30, 2019, the total amount of this loan is 4,212.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 6 - SEGMENT REPORTING:

The Company identified the Company's COO as its chief operating decision maker ("CODM").

As the Company's CODM, the COO receives information on a segregated basis (for review on a regularly basis) of each business unit, i.e. projects (services) and products (components). The financial statements present within statements of comprehensive income the revenues from each segment on a standalone basis as well as cost of sale of each segment - i.e. there are no transactions between segments. The information as presented in the financial statements is essentially the same information provided to the CODM and the same information regarding decisions about allocating resources.

The Company accounts for its segment information in accordance with IFRS 8 "Segment Reporting" which establishes annual and interim reporting standards for operating segments of a Company based on the Company's internal accounting methods.

Operating segments are based upon its internal organization structure, the manner in which our operations are managed and the availability of separate financial information. The Company has two operating segments: components segment and project- services segment.

- **Products:**
Development, manufacture and marketing of trans-telephonic and wireless diagnostic equipment for the medical industry and consumer market.
Mobile medical device platform designed for self-testing of vital signs for the consumer market.
- **Patient Services:**
Cardiac monitoring services of MCT, Patch, Event, Holter and Extended Holter.

Summarized financial information by segment, based on the Company's internal financial reporting system utilized by the Company's chief operating decision makers, follows:

For the six months ended June 30, 2019:

	<u>Products and other:</u>	<u>Patient Services:</u>	<u>Total:</u>
	<u>Unaudited</u>		
Revenues from external customers	<u>1</u>	<u>2,907</u>	<u>2,908</u>
Segment loss	3,721	3,030	6,751
Finance expenses, net			<u>1,116</u>
Loss before taxes on income			<u>7,867</u>

For the six months ended June 30, 2018:

	<u>Products and other:</u>	<u>Patient Services:</u>	<u>Total:</u>
	<u>Unaudited</u>		
Revenues from external customers	<u>16</u>	<u>985</u>	<u>1,001</u>
Segment loss	6,038	3,270	9,308
Finance expenses, net			<u>(382)</u>
Loss before taxes on income			<u>8,926</u>

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 7 - COMMITMENTS AND CONTINGENCIES:

The Company recorded a lien in the amount of 620 (NIS 2,212 thousands), as part of a guarantee for loans taken from an Israeli bank.

For personal use only

DIRECTORS' DECLARATION

In the opinion of the directors of G Medical Innovations Holdings Ltd (the "Company"):

1. The financial statements and notes, as set out on pages 10 to 22 are in accordance with the International Financial Reporting Standards:
 - a. comply with International Accounting Standard IAS 34 "Interim Financial Reporting" and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the Company and its controlled entities financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and.
2. There are reasonable grounds to believe that G Medical Innovations Holdings Ltd 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 Board of Directors



Dr. Yacov Geva
President & Chief Executive Officer
August 30, 2019



REVIEW REPORT ON INTERIM FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF
G MEDICAL INNOVATIONS HOLDINGS LTD.

Introduction

We have reviewed the accompanying consolidated statements of financial position of G medical innovations holdings ltd. and its subsidiaries (the "Company") as of June 30, 2019 and the related consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Company as of June 30, 2019, and of its consolidated financial performance and its cash flows for the six month period then ended in accordance with International Accounting Standard IAS 34.

Tomer Fromovich
Partner
August 30, 2019

Ziv haft

Certified Public Accountants (Isr.)
BDO Member Firm

Tel Aviv | Jerusalem | Haifa | Beer Sheva | Bene Berak | Kiryat Shmona | Petach Tikva | Modiin Illit | Nazareth Illit | Eilat
+972-3-6386868 | +972-2-6546200 | +972-4-8680600 | +972-77-7784100 | +972-73-7145300 | +972-77-5054906 | +972-77-7784180 | +972-8-9744111 | +972-4-6555888 | +972-8-6339911

Head Office: Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, ISRAEL **Email:** bdo@bdo.co.il **Our Site:** www.bdo.co.il

BDO Israel, an Israeli partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms

For personal use only

For personal use only

DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS G MEDICAL INNOVATIONS HOLDINGS LTD.

As lead auditor for the review of G Medical Innovations Holdings Ltd. for the half- year ended June 30, 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements 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 G Medical Innovations Holdings Ltd. and the entities it controlled during the period.

Tel-Aviv, Israel
August 30, 2019

Ziv haft

Certified Public Accountants (Isr.)
BDO Member Firm