InnovaDerma PLC
(“InnovaDerma” or the “Group”)

ANNOUNCEMENT OF INTERIM RESULTS

A robust set of results

InnovaDerma, a UK developer of 'at-home' and clinically proven treatments for hair loss, hair care, self-tanning and skin rejuvenation today announces its audited interim results for the six month period ended 31 December 2015.

Six months ended 31 December 2015

	HY 2015	Period from 19 September 2014 to 31 December 2014[1]	Change	
	AUD$	AUD$	AUD$	%
Revenue	3,260,387	217,914	3,042,473	+1,396
Gross profit	2,141,556	147,495	1,994,061	+1,352
Operating profit	238,200	(250,963)	489,163	+195
Profit before tax[2]	238,200	(250,963)	489,163	+195

[1] InnovaDerma PLC was incorporated on 19 September 2014 to become the holding company for InnovaDerma ANZ and the other companies in the InnovaDerma Group, for the purpose of listing them on a recognised stock exchange.
[2] There was no tax expense for HY2015 and the period from 19 September 2014 to 31 December 2014.

Performance Highlights

- Acquisition of Skinny Tan in Q2 2015 now fully integrated and generated strong revenue and profit growth
- Skin and Beauty products performed strongly and delivered revenue of AUD$2,762,396 (19 September 2014 to 31 December 2014: AUD$12, 958)
- Hair care products (Leimo brands) delivered revenue of AUD$461,624 (19 September 2014 to 31 December 2014: AUD$203,345) and now being sold in 40 countries
- Focused marketing and sales efforts in Australia, Europe and USA in the period have delivered positive performance with substantial scope for future sales growth
- Operating profit increased 195% to AUD$238,200
- Profit before tax increased 195% to AUD$238,200, compared to a loss of AUD$250,963 for the period from 19 September 2014 to 31 December 2014
- Generated positive operating margins at 7.3% against a negative operating profit for the period from 19 September 2014 to 31 December 2014
- The Group maintains a strong balance sheet with cash and cash equivalents of AUD$316,601

Mr Haris Chaudhry, Executive Chairman, said:

"This has been an excellent half year for InnovaDerma driven by the quality of our products and our expanding international distribution channels. We view our biggest asset as our scalable business, alongside the ability to expand at a low cost. This is important as we are confident InnovaDerma is on a trajectory of steady growth based on strong results and underlying business performance."

About InnovaDerma:

InnovaDerma PLC is a publicly listed company (Euronext Paris 'MLIDP') specialising in the research, manufacture and marketing of clinically proven products in hair loss, anti-ageing and beauty sectors. InnovaDerma has presence in the United Kingdom, Australia, New Zealand, Philippines, South Africa, Hong Kong and South Korea.

www.innovaderma.com

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Consolidated Statement of Comprehensive Income
For the period ended 31 December 2015

Consolidated Statement of Financial Position
For the period ended 31 December 2015

	Note	Half year ended 31 December 2015 $		Period from 19 September 2014 to 31 December 2014 $
Revenue	7	3,260,387		217,914
Cost of sales		(1,118,831)		(70,419)
Gross profit		2,141,556		147,495
Marketing expenses		(1,055,026)		(187,568)
Administrative expenses		(344,215)		(151,827)
Depreciation expenses		(917)		(198)
Wages and salaries		(462,473)		-
Listing expenses		-		(57,117)
Other expenses		(40,725)		(1,748)
Operating Profit/(Loss)		**238,200**		**(250,963)**
Profit/(Loss) before tax		**238,200**		**(250,963)**
Tax expense	6	-		-
Net Profit/(Loss) for the period attributable to members of the Company		**238,200**		**(250,963)**
Total comprehensive loss for the period attributable to members of the Company		**238,200**		**(250,963)**
Basic & diluted Profit/(Loss) per share	25	0.02		(0.03)

	Note	31 December 2015 $		30 June 2015 $
Current assets				
Cash and cash equivalents	8	316,601		212,618

Trade and other receivables	**9**	1,080,669		112,142
Inventory	**10**	645,813		341,794
Other assets		-		69,411
Total current assets		**2,043,083**		**735,965**
Non-current assets				
Property, Plant and Equipment		15,592		16,509
Intangible assets	**11**	3,427,879		3,418,479
Other assets		10,258		3,298
Total non-current assets		**3,453,729**		**3,438,286**
Total assets		**5,496,812**		**4,174,251**
Current liabilities				
Trade and other payables	**12**	1,416,300		788,322
Borrowings	**13**	995,505		688,063
Total current liabilities		**2,411,805**		1,476,385
Total liabilities		**2,411,805**		**1,476,385**
Net assets		**3,085,007**		**2,697,866**
Equity				
Shares	**14**	2,628,409		2,479,468
Share premium		2,492,674		2,492,674
Merger reserve	**15**	(1,308,057)		(1,308,057)
Foreign exchange reserve		(7,707)		(7,707)
Accumulated losses	**16**	(720,312)		(958,512)
Total equity and reserves		**3,085,007**		**2,697,866**

Consolidated Statement of Changes in Equity
For the period ended 31 December 2015

Consolidated	Ordinary Share Capital $	Share Premium $	Merger Reserve $	Foreign Exchange Reserve $	Accumulated Losses $	Total Equity $
Balance 1 July 2015	2,479,468	2,492,674	(1,308,057)	(7,707)	(958,512)	**2,697,866**
Total Comprehensive income for the period						
Profit for the period	-	-	-	-	238,200	**238,200**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**238,200**	**238,200**
Transactions with owners as owners, recorded directly as equity						
Shares issued on exercise of convertible notes	148,941	-	-	-	-	**148,941**
Total transactions with owners, in their capacity as owners	**148,941**	**-**	**-**	**-**	**-**	**-**
At 31 December 2015	**2,628,409**	**2492,674**	**(1,308,057)**	**(7,707)**	**(720,312)**	**3,085,007**

Consolidated Statement of Changes in Equity cont.
For the period ended 31 December 2015

	Ordinary Share Capital $	Merger Reserve $	Accumulated Losses $	Total Equity $
Balance on Incorporation (19 September 2014)	**5**	**-**	**-**	**5**
Comprehensive income				
Loss for the period	-	-	(250,963)	**(250,963)**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	**(250,963)**	**(250,963)**
Transactions with owners, in their capacity as owners				
Share for share exchange on acquisition of the subsidiaries	1,399,519	(1,308,062)	-	**91,457**
Accumulated losses of subsidiaries at acquisition	-	-	(66,625)	**(66,625)**
Total transactions with owners, in their capacity as owners	**1,399,519**	**(1,308,062)**	**(66,625)**	**24,832**
Balance at 31 December 2014	**1,399,524**	**(1,308,062)**	**(317,588)**	**(226,126)**

Consolidated Statement of Cashflow
For the period ended 31 December 2015

	Note	Half Year Ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Cash flows from operating activities			
Receipts from customers		2,025,831	218,361
Payments to suppliers and employees		(2,414,598)	(261,717)
Payments for corporate listing (non-repeating)		-	(57,117)
Interest received		36,367	1,611
Net cash used by operating activities	**20**	**(352,400)**	**(98,862)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(6,184)
Net cash received on acquisition of subsidiaries		-	32,766
Net cash used by investing activities		**-**	**26,582**
Cash flows from financing activities			
Proceeds from related parties		307,442	84,670
Repayments of borrowings		-	-
Proceeds from convertible notes		148,941	1,171,240
Transaction costs for shares issued		-	(311,218)
Net cash from financing activities		**456,383**	**944,692**
Increase in cash and cash equivalents		103,983	872,412
Cash and cash equivalents at the beginning of the period		212,618	-
Cash and cash equivalents at the end of the period	**8**	**316,601**	**872,412**

1. Accounting Policies

1.1 Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The condensed consolidated financial statements are drawn up under the historical cost convention, except for the revaluation of financial assets.

IFRS, issued by the International Accounting Standards Board (IASB) set out accounting policies that the IASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

1.2 Going Concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

1.3 Principles of Consolidation

The condensed consolidated financial statements incorporate the assets, liabilities and results of entities controlled by InnovaDerma PLC at 31 December 2015. A controlled entity is any entity over which InnovaDerma PLC has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the condensed consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Pooling of Interests on Incorporation of Parent Entity
On 28 November 2014, InnovaDerma PLC acquired 100% of the shares of InnovaDerma AUS & NZ Pty Ltd, InnovaDerma International Limited, InnovaDerma NZ Limited, and ID Philippines, Inc. As all parties were under common control before and after the transaction, the acquisitions were scoped out of IFRS 3, and thus accounted for using the pooling of interests method.

Under this method the assets and liabilities of the acquiree are recorded at book value and intangible assets and contingent liabilities are only recognised if they were previously recognised by the acquiree. No goodwill is recorded and expenses of the combination are written off immediately in profit or loss. The difference between the consideration paid/transferred and the nominal value of the share capital in the acquired companies has been reflected as a Merger Reserve within equity.

After the acquisition, the consolidation is processed as normal, on a line by line basis for revenue, expenses, assets and liabilities.

Subsequent Business Combinations
Business combinations occur where an acquirer obtains control over one or more businesses.
A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the group's activities, as described below. The group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods – wholesale

The group manufactures and sells a range of health and beauty products in the wholesale market. Sales of goods are recognised when a group entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied. The life science products are often sold with volume discounts; customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases.

Internet revenue
Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Transactions are settled by credit or payment card. Provisions are made for internet credit notes based on the expected level of returns, which in turn is based upon the historical rate of returns.

1.5 Finance income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1.6 Intangible Assets

Trademarks and licences
Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Once utilisation commences, trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

Brands
Externally acquired brands, where identifiable, are capitalised as assets of the group. Brands are initially capitalised at historical cost, or attributable value, when acquired as part of a business combination.

Brands have a limited legal life, however the Group monitors global expiry dates and renews registrations where required. Brands recorded in the financial statements are not currently associated with products which are likely to become commercially or technically obsolete. Accordingly, the Directors are of the view that brands have an indefinite life.

Brands are tested annually for impairment and carried at cost less accumulated impairment charges.

1.7 Impairment

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

1.8 Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

1.9 Cash & Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials.

1.11 Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.12 Trade Payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. They are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method. Current liabilities represent those amounts falling due within one year.

1.13 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable and payable. The net amount of GST recoverable from, or payable to, the ATO is included with the receivables or payables in the statement of financial position.

1.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.15 Income Tax

Income tax expense or benefit represents the sum of current corporation tax payable and provision for deferred income taxes.

Current income tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group’s liability for current corporation tax is calculated using tax rates and laws that have been enacted or substantively enacted at the period-end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the period-end date.

1.16 Post Retirement Benefits

For salaries paid (all by the Australian subsidiary):

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Superannuation – the Australian defined contribution pension scheme – is mandated by Australian law and presently set at 9.5% of gross salary payable to an employee.

The group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

1.17 Foreign Currencies

Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). The consolidated financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions.

Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at the reporting date. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

1.18 Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognise directly in equity.

1.19 Segment Reporting

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation or future events and are based on current trends and economic data, obtained both externally and within the Group.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policies described in Note 1.6 and Note 1.7. The recoverable amounts of cash-generating units (required to determine fair value less costs to sell) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

1.20 New accounting standards for application in future periods

(a) New and amended standards adopted by the group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on 1 July 2014 that would be expected to have a material impact on the group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 July 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the financial statements of the group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories:

1) those measured as at fair value and 2) those measured at amortised cost. The determination is made at initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2. Parent Information

Guarantees
InnovaDerma PLC has not entered into any guarantees, in the financial period, in relation of the debts of its subsidiary.

Contingent Liabilities
At 31 December 2015, InnovaDerma PLC did not have any contingent liabilities.

Contractual Commitments
At 31 December 2015, InnovaDerma PLC had not entered into any contractual commitments.

Consolidation of subsidiaries
Following the incorporation of InnovaDerma PLC, the following subsidiaries: InnovaDerma AUS and NZ Pty Ltd, InnovaDerma International Limited, InnovaDerma NZ Limited, and ID Philippines, Inc were acquired through a share for share exchange. The subsidiaries have been consolidated using the pooling of interest method on the basis that the entities being combined were ultimately controlled by the same party, both before and after the combination. Under this method the assets and liabilities of the acquiree are recorded at book values and intangible assets and contingent liabilities are only recognised if they were previously recognised by the acquiree. No goodwill is recorded and expenses of the combination are immediately written off in the profit or loss.

	Net Assets Acquired $
The carrying value of the subsidiaries' net assets at the date of combination were as follows:	
InnovaDerma AUS & NZ Pty Ltd	**(58,118)**
InnovaDerma International Limited	**-**
InnovaDerma NZ Limited	**-**
ID Philippines Inc	**-**

The shares in InnovaDerma AUS & NZ Pty Ltd, InnovaDerma International Limited, InnovaDerma NZ Limited, and ID Philippines, Inc were exchanged for 8,969,960 Ordinary Euro 0.10 shares in InnovaDerma PLC.

3. Operating segments

Operating segments must be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

As a new group, currently in its growth phase, the Board (the group's chief operating decision maker) believe that, at 31 December 2015, there was only one business segment, the hair and beauty division.

The revenue and results of this segment are those of the consolidated entity as a whole and are set out in the statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the consolidated entity and are set out in the statement of financial position.

4. Operating profit/(loss)

The following items have been included in arriving at the operating profit/(loss):

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Gains on foreign exchange	35,851	1,748
Expenses:		
Directors' remuneration	80,667	42,329
Auditor's remuneration		
- As auditors (for parent company and consolidation)	-	13,000

All remuneration payable to the auditors has been disclosed above. No other non-audit services have been provided. No benefits in kind are payable to the auditors.

Contributions to superannuation (money purchase pension schemes) are made on behalf of one director of the group.

5. Employees

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Staff costs for the Group during the period:		
Wages and salaries	462,473	33,262
	462,473	**33,262**

The average monthly number of staff (including executive Directors) employed by the Group during the period amounted to:

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Management staff	4	2
Other employees	21	19
	25	**21**

6. Taxation

	Half year ended 30 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Current Tax		
Current tax on profits in the period	-	-
Income Tax Expense	**-**	**-**

Factors affecting current tax charge

The effective rate of tax for the period is lower than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Profit/(Loss) before taxation	238,200	(250,963)
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20%	47,640	(50,193)
Excluded (gain)/loss (incurred in foreign jurisdictions)	(67,688)	50,193
Losses carried forward	20,048	-
Total current tax	**-**	**-**

7. Revenue

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Hair care products	461,624	203,345
Skin & Beauty products	2,762,396	12,958
Interest income	36,367	1,611
	3,260,387	**217,914**

8. Cash and cash equivalents

	31 December 2015 $	30 June 2015 $
Cash at bank	310,953	212,618
Undeposited funds	5,648	-
	316,601	**212,618**

Cash at bank is included as cash and cash equivalents in connection with the statement of cash flows.

When in overdraft, this balance is included in trade and other payables.

9. Trade and other receivables

	31 December 2015 $	30 June 2015 $
Trade receivables	1,080,669	112,142
	1,080,669	**112,142**

10. Inventory

	31 December 2015 $	30 June 2015 $
Finished goods (Leimo)	410,539	248,532
Finished goods (Stop and Pose)	4,428	10,886
Finished goods (Skinny Tan)	230,846	82,376
	645,813	**341,794**

11. Intangible Assets

	31 December 2015 $	30 June 2015 $
Brands (Skinny Tan)	431,515	444,202
Brands (Leimo)	2,794,024	2,794,024
Brands (Stop & Pose)	148,331	148,331
Development costs	54,009	31,922
	3,427,879	**3,418,479**

12. Trade and other payables

	31 December 2015 $	30 June 2015 $
Trade payables	833,744	687,608
Other payables	582,556	100,714
	1,416,300	**788,322**

13. Borrowings

	31 December 2015 $	30 June 2015 $
Convertible notes	-	127,510
General borrowings	995,505	560,553

	995,505	**688,063**

14. Contributed equity

	31 December 2015 No. of shares	**31Dec 2015 $**
Shares at 1 July 2015	10,209,920	2,479,468
Shares issued on exercise of convertible notes	29,050	148,941
	10,238,970	**2,628,409**

The holder of the ordinary shares is entitled to one vote per share at any meeting of the Company whether in person or by proxy. The holder is entitled to receive dividends declared from available profits and to the surplus of assets on a winding up.

15. Merger reserve

InnovaDerma PLC acquired 100% of the share capital of InnovaDerma AUS & NZ Pty Ltd, InnovaDerma International Limited, InnovaDerma NZ Limited, and ID Philippines, Inc, on 28 November 2014.

These transactions are noted as being completed under common control – all companies involved in the deal were controlled by Mr Haris Chaudhry before and after the transaction was processed.

This condition falls under a scope exemption for IFRS 3. Per IAS 8.12, the company may, in this circumstance, utilise pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards.

As a UK company, the directors decided to apply UK Generally Accepted Accounting Principles, which make provision for Pooling of Interests in a common control situation, also commonly referred to as Merger Accounting.

In this circumstance, the difference between the consideration transferred and the nominal value of share capital acquired is taken to equity, creating a Merger Reserve.

28 November 2014 Acquisitions:

	31 December 2015 $	**30 June 2015 $**
Consideration transferred (8,969,960)	1,308,157	1,308,157
Loss for the period	(100)	(100)
	1,308,057	**1,308,057**

16. Accumulated losses

	31 December 2015 $	30 June 2015 $
Opening balance	(958,512)	-
Acquisition of subsidiaries (pooling of interests)	-	(58,218)
Profit/(Loss) for the period	238,200	(900,294)
Balance carried forward	**(720,312)**	**(958,512)**

17. Investment in subsidiaries

During the previous financial year, the Company acquired interests in the following subsidiaries:

Company Name	*Date of Acquisition*	*Percentage Holding (31December 2015)*
InnovaDerma AUS & NZ Pty Ltd [1]	28 November 2014	100%
InnovaDerma International Limited [1]	28 November 2014	100%
InnovaDerma NZ Limited [1]	28 November 2014	100%
ID Philippines Inc [1]	28 November 2014	100%
Bach Health Pty Ltd	23 January 2015	100%
InnovaScience Inc	31 March 2015	100%
Skinny Tan Pty Ltd	28 May 2015	80%
Skinny Tan UK Limited	28 May 2015	80%

[1] Please see notes 1.3 and 15 for further detail on the method of accounting applied for the acquisitions.

The results of these subsidiaries have been consolidated on a line by line basis into the consolidated financial statements.

18. Related party transactions

As at 31 December 2015

Name	Transaction	Amount received from / (paid to) during the half year period to 31 December 2015	Amount due from/(to) related party as at 31 December 2015
		$	$
Farris Marketing Concepts Pty Ltd	Loan payable[1]	-	(151,495)

Zaymar Investments	Loan payable[1]	571,886	(631,886)
Mr Haris Chaudhry	Loan payable[1]	-	(173,757)
Mr Joe Bayer	Loan payable[1]	(25,000)	(25,000)

As at 30 June 2015

Name	**Transaction**	**Amount received from / (paid to) during the period to 30 June 2015**	**Amount due from/(to) related party as at 30 June 2015**
		$	**$**
Farris Marketing Concepts Pty Ltd	Loan payable[1]	151,495	(151,495)
Farris Marketing Concepts Pty Ltd	Acquisition of Stop & Pose Brand	(200,000)	-
Zaymar Investments	Loan payable[1]	60,000	(60,000)
Mr Haris Chaudhry	Loan payable[1]	173,757	(173,757)

[1] These loans are interest free and unsecured.

Common control acquisition of subsidiaries

As more fully discussed in Note 15, InnovaDerma PLC acquired several subsidiaries via a share for share exchange. These subsidiaries were majority controlled by Mr Haris Chaudhry, a director of InnovaDerma PLC; hence, the majority of shares issued for the acquisition were issued to Mr Chaudhry.

Nature of related parties

Farris Marketing Concepts Pty Ltd and Zaymar Investments are related parties of Mr Haris Chaudhry, the Executive Chairman.

Key Management Personnel

All transactions with key management personnel (the directors) during the half year period ended 31 December 2015 are disclosed below:

	Salary	*Superannuation*	*Consultancy Fees*	*Total*
Haris Chaudhry [1]	75,000	7,125	-	82,125
Joe Bayer	47,667	4,528	-	52,195

[1] – Haris Chaudhry employment terms, as formalised by board resolution, specify a salary of $150,000 per year.

During the period, there were no advances, credits or guarantees subsisting on behalf of the directors.

19. Commitments and contingencies

At 31 December 2015 the Group did not have any contingencies.

At 31 December 2015 the Group had no obligations under non-cancellable finance leases.

20. Reconciliation of operating profit to net cash outflow from operations

	Half year ended 31 December 2015 $	Period from 19 September 2014 to 31 December 2014 $
Operating profit/(loss)	238,200	(250,963)
Depreciation	917	198
(Increase) in trade and other receivables	(968,527)	2,058
(Increase) in inventory	(304,019)	(67,009)
(Increase) in intangibles	(9,400)	(38,756)
Decrease in other assets	62,451	-
Increase in trade and other payables	627,978	255,610
Net cash outflow from operations	**(352,400)**	**(98,862)**

21. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable & loans from related parties.

The Group's financial instruments at 31 December 2015 were classified as follows:

	Note	Half year ended 31 December 2015 $	30 June 2015 $
Financial assets			
Cash and cash equivalents	8	316,601	212,618
Trade and other receivables	9	1,080,669	112,412
Total financial assets		**1,397,270**	**325,030**
Financial liabilities			
Trade and other payables	12	1,416,300	788,322
Borrowings	13	995,505	688,063
		2,411,805	**1,476,385**

Fair value versus carrying amounts

All items shown in the preceding table as either financial assets or financial liabilities are short term instruments whose carrying value is equivalent to the fair value. There is not considered to be a material difference between the fair value and the carrying value.

Specific Financial Risk Exposures and Management

The Group's activities expose it to a number of financial risks that include market risk, credit risk and liquidity risk.

(a) Market Risk

i) Foreign exchange risk

The Group's does not hold any material financial assets denominated in a foreign currency at the period end, hence it is not exposed to foreign exchange risk.

ii) Interest rate risk

The Group had interest-bearing liabilities during the period, but is not exposed to interest rate risk because the interest rates on their liabilities are set by private agreement, not by reference to market rates. The group does not have any liabilities to financial institutions as at 30 June 2015. As such, sensitivity analysis with regard to movements in interest rates would not be meaningful.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance of counter-parties of contract obligations that could lead to financial losses to the group.

Credit risk exposures

The Group had no significant concentrations of credit risk.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through careful cash management policies. In order to meet its short term obligations, the group has the support of several key shareholders who are willing to provide funds to the group on an as-needed basis.

For loans receivable and payable, please refer to Note 9 – Trade and Other Receivables, Note 12 – Trade and Other Payables & Note 13 - Borrowings. Loans are unsecured and have no fixed repayment date.

22. Share Based Payments

No share options have been granted to employees or directors.

23. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

The following reflects earnings and share data used in the earnings per share calculation.

	Half year ended 31 December 2015 $	**Period from 19 September to 31 December 2014 $**
Profit/(loss) for the year	238,200	(250,963)
Weighted average number of shares	10,215,812	9,596,400

26. Subsequent Events

The directors are not aware of any significant events since the end of the reporting period.