Company Registration Number 08326993

MICROSKIN PLC

FINANCIAL STATEMENTS

30 JUNE 2015

MICROSKIN PLC

CONTENTS LIST

FOR THE YEAR ENDED 30 JUNE 2015

MICROSKIN PLC

COMPANY DIRECTORY

AS AT 30 JUNE 2015

Directors	B Amor B Lowndes S McTaggart D Merson
Company Secretary	Elemental CoSec Limited
Company registration number	08326993
Registered office	27 Old Gloucester Street London United Kingdom WC1N 3AX
Auditor	KSI (WA) Level 2 35 Outram Street West Perth WA 6005 Australia
Domicile of the company	United Kingdom
Country of incorporation	England and Wales
Legal form of entity	Public Limited Company
Marche Libre Paris Code	MLSKN

Your directors present their Strategic Report for Microskin PLC and its controlled entities (hereafter “the Group” or “Microskin”) for the year ended 30 June 2015.

Principal activities

Microskin PLC is a UK registered company listed on the Marche Libre exchange in Paris. The Group's product, Microskin, is a simulated second skin used to visually correct skin conditions resulting from birth, accident or surgery which are permanent and disfiguring. The operating 100% owned subsidiary is Microskin International Pty Ltd which is an Australian proprietary company.

Microskin is manufactured from natural ingredients and is applied directly to the user's own skin. It competes directly against other products in the camouflage cosmetic market; however its unique properties of long wear time, water and sun resistance, and the ability for the skin to breathe naturally enables it to be used on both small and large areas of the body for several days after application.

The Group has strong positioning with the medical profession putting Microskin into a unique market category at the top end of the camouflage cosmetics sector. It is also pursuing product applications in the pure cosmetics and sunscreen markets, amongst others.

The Group’s intellectual property includes the formula for making the Microskin base product and a software program that enables colour correction of the product for each user, as well as patents for the process.

The Group develops and manufactures Microskin style products, operates its own clinic in Brisbane, has established franchised clinics in New York, Los Angeles, Indonesia, India, Scandinavia, Brazil, the Middle East and Turkey, and intends to expand the distribution of Microskin into all major global markets through a network of franchise or licensing arrangements with both clinic operators and manufacturing distributors.

No significant change in the nature of these activities occurred during the year.

Principal Risks and Uncertainties

The directors consider the main risk to the business is a potential lack of capital to fund the following:-

- Aggressive business development to increase the rollout of clinics around the world.
- Develop “over the counter” product distribution opportunities.
- Product development to enhance our competitive advantage in the camouflage cosmetic market.
- Develop other applications of Microskin, such as sunscreen.

As the Group expands its operations to a variety of international locations, the directors are also mindful of the Group’s exposure to foreign exchange risk. At present, clinic license fees represent a big percentage of the revenue for the Group and are fixed in Australian dollars, therefore not subject to exchange risk. Clinic royalty payments are paid as a percentage of revenue generated in the clinic. The funds are sent to us as Australian dollars and will fluctuate with exchange variation. The directors will give consideration to hedging contracts when the royalty stream is sufficient enough and steady enough to justify it.

Operating Results

The profit of the Group after providing for income tax amounted to $3,659 (2014: Loss of $617,662).

While we have been successful in signing license agreements in regions that represent enormous potential for us e.g. India, the Middle East and Brazil, extensive delays in receiving approvals to supply these jurisdictions continues to impact on results.

Financial Position

At 30 June 2015, the Group's Statement of Financial Position shows a net liability position of $262,684. This is solely driven by a liability of $16,329,879, representing the value of shares not yet issued, in respect of the acquisition of Mobilespectra Pty Ltd.

At a general meeting of the company in July 2015, the board received shareholder approval for the issue of those shares, extinguishing the liability. Based on 30 June 2015 figures, this adjustment gives the company a net asset position of $16,067,195.

Review of Operations

With the acquisition and further development of the smartphone colour analysis app, the Group is now poised to commence retail distribution, with particular focus on the USA and China. We are currently finalizing a distribution agreement in China with a company that distributes a product to disguise vitiligo by staining the affected area. Microskin provides a much more effective solution to the treatment of vitiligo, while expanding their market to cover all other skin conditions.

At the same time we are about to commence retail distribution in the US through our online shopping site and the development of an affiliate program. We have engaged the services of an organization in the US that has extensive experience in this area.

The licensing of clinics and distribution partners will enable the Group to eliminate the cost base associated with product manufacturing in Australia, a large part of the research and development effort, sales staff and extensive premises. In addition, there are potential product development and packaging opportunities that would enable customised product to be sold via the internet. This could provide an order-of-magnitude up-side to the current anticipated revenues.

Business Development

The business model involves the establishment of licenses to operate clinics in selected regions of North and South America, Europe, the Middle East and Asia under the Microskin brand. To date, clinics have been established in New York, Los Angeles, Jakarta, Estonia (covering Scandinavia), Turkey, Brazil and Saudi Arabia, where our partner has a contractual commitment to open four clinics in the Middle East.

Microskin PLC is currently negotiating the establishment of a licensed clinic in Canada.

The Group has also commenced an initiative to accelerate clinic revenues through the establishment of company owned clinics in London and Los Angeles. Consequently we are in negotiation with a group of nine dermatologists to open a clinic within their practise in Harley Street.

The business model also involves the licensing of selected global or regional brands to manufacture and distribute product under their own, or the Microskin, brand name. This strategy will also involve the development (by licensing partners) of new products that use Microskin as the base component or delivery agent. In some cases complementary products will be sourced from licensing/sales partners that can be sold via the Microskin Group license clinic chain. Negotiations are now focussed on a potential partner in France.

Product Development

Product development is focussed on the “ease of use” of Microskin, particularly in retail applications.

Listing

Listing on the Marche Libre in Paris provides a platform for raising the necessary capital to fund business and product development initiatives.

Environmental matters

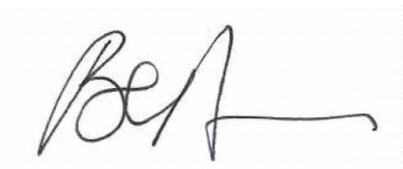
There are no environmental issues arising from the Group’s business that might affect the future strategic direction or results of our group.

Employees

In line with *Companies Act 2006* requirements, we present the following breakdown of our employee structure:

Role	*Number of Men*	*Number of Women*
Directors	4	-
Senior Managers	-	1
Other Employees	2	3

By order of the Board



Barry Amor

Director

27 November 2015

Your directors present their report on the Group for the financial year ended 30 June 2015.

Directors

The names of each person who has been a director during the period and to the date of this report are:

Barry Amor - Executive Chairman

Barry's 40 year career spans the telecommunications, industrial equipment and information systems sectors. The focus of these skills has been on laying solid foundations for organisations intent on developing and exporting a range of complex products and equipment targeting industrial and commercial applications. Barry has cultivated a solid understanding of the issues associated with building export-oriented businesses that have targeted various south-east Asian countries, the USA and New Zealand.

With a solid background in engineering, Barry began his career in telecommunications, subsequently gaining extensive experience in industrial automation, mining equipment, computer and communications hardware and enterprise software systems. The hands on experience gained founding businesses in several of these sectors has given him the ability to see the broad picture as well as the detailed nuances at work in the entrepreneurial environment. Later in his career he oversaw the foundation of a company which has set a new benchmark for enterprise resource planning (ERP) systems for mid-range organisations. Those systems boast a growing customer base in domestic and international markets. As chief executive charged with driving both product development and market growth, he gained an in-depth understanding of government grants for research and development and exports and the tax concessions appropriate to a company operating at the leading edge of technology development. This venture was preceded by a project in which he restructured and managed the sale of a national business distributing software and hardware. He has also run businesses distributing industrial control equipment, computer components and specialised equipment for application in coal mining and the oil industry.

In the last few years Barry has worked inside the corporate advisory sector, with several years working for Gramercy Venture Advisors. Barry is based in Brisbane, Australia.

Barry Lowndes – Director

Barry Lowndes brings to Microskin a wealth of knowledge and understanding from a management perspective. Prior to a period of full-time involvement with Microskin, Barry was the National Security Manager with the Millers Retail Group which comprises over 600 retail stores and 3,000 staff. It was Barry's responsibility to formulate policies and procedures to reduce a growing shrinkage problem, reduce theft and train employees. Barry oversaw the day-to-day activities of all group leaders, including the implementation of objectives and strategies for its managing directors. Barry's final position at Millers was as the chairman of the newly-formed Millers Shrinkage Board, which provided its shareholders with strategies to improve shrinkage performance. In recent times Barry has given up full-time involvement in the day-to-day affairs of Microskin; however he retains an active involvement as a director.

David Merson – Director – Appointed 28 February 2014

For 21 years, David Merson was the chief executive officer of Mincom Limited, a company he founded in 1979. During his tenure, Mincom grew to become Australia's largest software developer and exporter with 1,200 staff, annual revenues of $200 million, and global leadership in a number of software product categories.

Scott McTaggart – Director – Appointed 28 February 2014

An investor and business consultant with shareholding and directorships in MezurX Pty Ltd (drilling services) and Euclideon Pty Ltd (3D graphics). Scott's career has included being a high school teacher, developing software for Mincom (involved in the divestiture of Petroleum Technology Mincom and the sale of Mincom as a shareholder), working for Paradigm Geophysical, Shell and GeoSource, before becoming an Adjunct Associate Professor at the University of Queensland, where he was also director/CEO of two National Earth Science Infrastructure Companies (ACcESS, AuScope). He has a Bachelor of Applied Science in Geophysics (1st Class Honours).

Information on company secretary

Elemental CoSec Limited have served the company in the function of company secretary in the year to 30 June 2015.

Significant changes in state of affairs

In June 2015, the Group finalized a purchase agreement to buy a colour-matching app from Mobilespectra Pty Ltd for in excess of sixteen million dollars. The Group plans to leverage this acquisition to facilitate a substantial launch of its online sales, as this technology will facilitate sales into jurisdictions where no clinic for the sale of the Microskin product is presently operating.

Matters or circumstances arising after the end of the year

On 21 July 2015, the issue of 5,325,279 shares was approved at a general meeting of the company. These shares were transferred to the vendors of Mobilespectra Pty Ltd, in accordance with the acquisition agreement.

On 18 August 2015, the GXG market in London closed. Microskin PLC subsequently listed on the Marche Libre exchange in Paris (a sub-market of Euronext), completing their listing on 7 September 2015.

Aside from as above disclosed, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments and results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Microskin PLC.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the period.

Meetings of directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the period were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Barry Amor	4	2
Barry Lowndes	4	1
David Merson	4	3
Scott McTaggart	4	3

Dividend policy

The group does not intend to pay dividends for the foreseeable future. At this stage of the group's life cycle, and profits will be re-invested in the growth and future success of the business.

Financial Instruments

The Group holds a number of financial instruments. Information regarding the Group's financial risk management objectives and policies, including exposure to market, credit and liquidity risks, are presented in Note 28 to these financial statements.

Creditor payment policy

The group adheres to a standard payment policy for commercial creditors, meeting its obligations within the timeframe provided by their suppliers. Non-commercial creditors – typically the directors and their related parties – have deferred payment of bills to assist with the group's liquidity.

Director's Interests

At the year end date, the directors of the company had the following interests in the shares of the company, through both direct and indirect holdings:

30 June 2015	Balance at beginning of year	Acquired during the year	Disposed during the year	Balance at end of year
Barry Lowndes	3,721,802	-	-	3,721,802
Barry Amor	1,901,732	3,975,780	(112,990)	5,764,522
Scott McTaggart	165,625	-	-	165,625
David Merson	208,333	-	-	208,333
	5,997,492	**3,975,780**	**(112,990)**	**9,860,282**

Remuneration report (audited)

Policy & Practice

The Group operates on a strictly 'capital efficient' approach and therefore directors remuneration has been based on conservative market matching rates in order to act in the best interest of the Group during the Group's growth phase. At this time, outside of existing shareholdings, there are no performance components included in directors remuneration. Given the limited size of the Group, no separate remuneration committee has been formed by the board.

Contracts

Directors' remuneration in its various forms was agreed by Board resolution, not formalised by contracts at this stage, and these arrangements will continue until re-visited by either party. Thus, there has been no specification of termination benefits for directors at this time.

Amounts of emoluments and compensation

	Remuneration including superannuation	
Director	*Year to 30 June 2015*	*Period to 30 June 2014*
	$	$
Barry Lowndes	-	-
Barry Amor [1]	-	137,944
Scott McTaggart	-	-
David Merson	-	-
	-	137,944

[1] During the year, Mr Amor's company, Zeehe Pty Ltd, provided Microskin with a credit note for his previous charges as managing director (see Note 26)

End of audited section

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year or period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to the auditor

The Directors at the date of approval of this report confirm that:

- to the best of their knowledge and belief, there is no relevant audit information of which the Group's auditor is unaware; and

- the Directors have taken all the steps that that might reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board

Barry Amor
Director
27 November 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Revenue	2	193,543	229,119
Cost of sales		(30,776)	(48,359)
Gross Profit		**162,767**	**180,760**
Other income	2	620,573	244,370
Administrative expense		(600,070)	(728,526)
Marketing expenses		(24,005)	(2,512)
Occupancy expenses		(59,002)	(66,222)
Finance costs		(70,568)	(48,589)
Bad debt expense		-	(250,000)
Profit/(loss) before income tax	3	**29,695**	**(670,719)**
Income tax (expense)/benefit	5	(26,036)	53,057
Profit/(loss) for the year		**3,659**	**(617,662)**
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		**(10,655)**	14,424
Total comprehensive income for the year		**(6,996)**	**(603,238)**
Basic & diluted earnings/(loss) per share (in cents)	8	0.00	(0.07)

All of the activities of the Group are classed as continuing.

All of the total comprehensive income for the period is attributable to the owners of the Group.

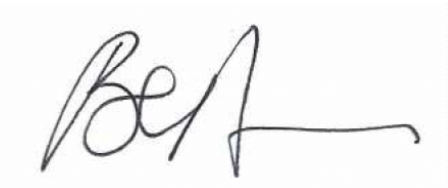
MICROSKIN PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	30 June 2015 $	30 June 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	6,388	1,606
Trade and other receivables	11	371,185	145,971
Inventories	12	42,491	56,099
Current tax receivable		-	2,586
Other assets	13	15,593	14,540
TOTAL CURRENT ASSETS		**435,657**	**220,802**
NON-CURRENT ASSETS			
Property, plant and equipment	14	56,479	64,118
Intangible assets	15	16,589,138	263,980
TOTAL NON-CURRENT ASSETS		**16,645,617**	**328,098**
TOTAL ASSETS		**17,081,274**	**548,900**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	353,065	650,216
Borrowings	17	605,307	605,567
Provisions	18	55,707	50,919
Shares to be issued	19	16,329,879	-
TOTAL CURRENT LIABILITIES		**17,343,958**	**1,306,702**
NON-CURRENT LIABILITIES			
Borrowings	17	-	34,719
TOTAL NON-CURRENT LIABILITIES		**-**	**34,719**
TOTAL LIABILITIES		**17,343,958**	**1,341,421**
NET ASSETS		**(262,684)**	**(792,521)**
EQUITY			
Issued capital	20	13,659,056	13,122,223
Reserves	21	(11,366,173)	(11,355,518)
Accumulated losses		(2,555,567)	(2,559,226)
TOTAL EQUITY		**(262,684)**	**(792,521)**

These financial statements were approved and authorised for release by the Directors on 27 November 2015 and are signed on its behalf by:



B Amor
Director

Company registration number: 0832699

MICROSKIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary Share Capital $	Merger Reserve $	Accumulated Losses $	Foreign Currency Reserve $	Total Equity $
Opening balance 1 July 2013	13,122,223	(11,397,975)	(1,941,564)	28,033	(189,283)
Comprehensive Income					
Loss for the year	-	-	(617,662)	-	(617,662)
Other comprehensive income	-	-	-	14,424	14,424
Total comprehensive income for the year	**-**	**-**	**(617,662)**	**14,424**	**(603,238)**
Balance as at 30 June 2014	**13,122,223**	**(11,397,975)**	**(2,559,226)**	**42,457**	**(792,521)**
Opening balance 1 July 2014	**13,122,223**	**(11,397,975)**	**(2,559,226)**	**42,457**	**(792,521)**
Comprehensive Income					
Profit for the year	-	-	3,659	-	3,659
Other comprehensive income	-	-	-	(10,655)	(10,655)
Total comprehensive income for the ear	**-**	**-**	**3,659**	**(10,655)**	**(6,996)**
Transactions with owners, in their capacity as owners					
Shares issued in settlement of creditors	536,834	-	-	-	536,834
Balance as at 30 June 2015	**13,659,056**	**(11,397,975)**	**(2,555,567)**	**31,802**	**(262,684)**

MICROSKIN PLC

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Year ended 30 June 2015 $	Year ended 30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		345,871	423,399
Payments to suppliers and employees		(727,652)	(400,855)
Finance costs		(70,568)	(48,589)
Income tax (paid)/reimbursed		(23,450)	64,833
Net cash (used in)/provided by operating activities	22	**(475,799)**	**38,788**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible asset		(11,747)	(18,554)
Purchase of property, plant and equipment		(9,525)	(7,691)
Net cash used by investing activities		**(21,272)**	**(26,245)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		(65,184)	(18,702)
Proceeds from borrowings		573,721	-
Net cash from/(used by) financing activities		**508,537**	**(18,702)**
Net increase (decrease) in cash and cash equivalents held		11,466	(6,159)
Cash and cash equivalents at beginning of year	10	(5,078)	1,081
Cash and cash equivalents at end of financial year	10	**6,388**	**(5,078)**

MICROSKIN PLC

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 $	30 June 2014 $
ASSETS			
CURRENT ASSETS			
Intercompany Loan		459,516	-
TOTAL CURRENT ASSETS		**459,516**	**-**
NON-CURRENT ASSETS			
Intangible Assets		16,329,879	
TOTAL NON-CURRENT ASSETS		**16,329,879**	**-**
TOTAL ASSETS		**16,789,395**	**-**
LIABILITIES			
CURRENT LIABILITIES			
Intercompany Loan		-	10,116
Trade and other payables		20,500	-
Shares to be issued	19	16,329,879	-
TOTAL CURRENT LIABILITIES		**16,350,379**	**10,116**
NON-CURRENT LIABILITIES		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		**16,350,379**	**10,116**
NET ASSETS		**439,015**	**(10,116)**
EQUITY			
Issued capital	20	13,659,056	13,122,223
Provision against investment in subsidiary	23	(13,122,223)	(13,122,223)
Reserves		(34,188)	-
Accumulated losses		(63,630)	(10,116)
TOTAL EQUITY		**439,015**	**(10,116)**

In accordance with section 408 of the UK Companies Act 2006, the company is availing itself of the exemption from presenting its individual statement of profit or loss and other comprehensive income. The company's loss for the financial year as determined in accordance with IFRS's is $53,514 (2014: loss of $10,116). The company had no cashflow in the period, and therefore no cashflow statement has been prepared.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary Share Capital $	Reserves $	Accumulated Losses $	Total Equity $
Opening balance 1 July 2013	13,122,223	-	(13,122,223)	**-**
Comprehensive Income	-	-	-	**-**
Loss for the year	-	-	(10,116)	**(10,116)**
Total Comprehensive Income	-	**-**	**(10,116)**	**(10,116)**
Balance as at 30 June 2014	**13,122,223**	**-**	**(13,132,339)**	**(10,116)**
Opening balance 1 July 2014	**13,122,223**	**-**	**(13,132,339)**	**(10,116)**
Comprehensive income		-		
Profit for the period	-	-	(53,514)	(53,514)
Other comprehensive income	-	(34,188)	-	(34,188)
Total comprehensive income for the period	**-**	**(34,188)**	**(53,514)**	**(87,702)**
Transactions with owners, in their capacity as owners				
Shares issued in settlement of creditors	536,834	-	-	536,834
Total transactions with owners, in their capacity as owners	**536,834**	**-**	**-**	**536,834**
Balance as at 30 June 2015	**13,659,056**	**(34,188)**	**(13,185,853)**	**439,015**

The consolidated financial statements and notes represent those of Microskin PLC and its controlled entities ("the consolidated group" or "group"). The consolidated financial statements have been prepared for the year ending 30 June 2015.

1. Significant accounting policies

1.1 Basis of preparation

The 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 financial statements are drawn up under the historical cost convention.

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 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.

As at 30 June 2015 the Group had a cash balance of $6,388, while it made payments to suppliers and employees totalling $727,652.

The Group has now embarked on an aggressive rollout of clinics throughout the world with franchises opening in Turkey, India, United Kingdom, France, Brazil and throughout Asia.

Further expansion of the licensed clinic network in the coming year will see clinic revenues cover fixed overheads and then start to contribute modest profits in future years. Negotiations continue with various multinationals which can potentially result in significant revenue streams to the Group.

In the short term, monies are being advanced to the company by the director, Mr Amor, to assist with day to day cashflow needs, until the Group's revenue streams grow to enable the company to be self sufficient. In light of these events and expected future developments, the Directors are confident that the Group has access to sufficient funds, now and in the future, to meet its working capital requirements for the coming year.

However, the Directors also recognise that the ability of the Group to continue as a going concern and to pay its debts as and when they fall due is dependent on Mr Amor's support and on the Group's future sales and success in generating further franchise arrangements. Given the current cash position, there is a material uncertainty about whether the Group can continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

1.3 Principles of Consolidation

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

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

In the company statement of financial position investment in subsidiaries is accounted for at the nominal value of the shares issued on acquisition.

Pooling of Interests on Incorporation of Parent Entity
The historical acquisition of Microskin Holdings Limited has been completed under the pooling of interests method on the basis that the entities being combined are ultimately controlled by the same parties, both before and after the combination.

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.

Under this methodology, the consolidation of the Group commences from the date that common control began, although the actual exchange of shares to establish the group may not happen until later. In the case of Microskin PLC, although the share for share exchange didn't happen until 15/03/2013, the consolidation has been prepared for the full comparative period following incorporation of Microskin PLC on 11 December 2012. The group was under common control for the entire period consolidated.

The consolidation of the group is prepared on a line by line basis. The pooling of interests method of accounting is only applied to the acquisition transaction.

Asset Acquisitions
When the Group acquires a new company, but that company does not constitute a "business" under IFRS 3 (i.e. it is an asset holding company), the consideration transferred in relation to the acquisition is attributed to the assets of the acquiree.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

1.5 Property, Plant and Equipment

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets is depreciated on a reducing balance basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and Equipment	5 – 66%
Motor Vehicles	25%
Leasehold improvements	2.5 – 10%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

1.6 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a) The amount at which the financial asset or financial liability is measured at initial recognition;
b) Less principal repayments;
c) Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
d) Less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The group does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(1) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

The group did not hold any held-to-maturity investments in the current or comparative financial period.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

When available-for-sale investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

1.7 Impairment of non-financial assets

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 and dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. 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 value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of CGU's are allocated first to reduce the carrying amount of goodwill to nil and then to the other assets in the unit in proportion to their carrying amount.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Assets, other than goodwill that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

1.8 Intangibles

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

Computer software
Computer apps and software assets are recognised at cost of acquisition. Apps and software have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Computer apps and software assets are amortised over their useful life, commencing from the date they are ready for use.

1.9 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.

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

1.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.11 Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

1.12 Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

1.13 Revenue

Interest
Interest income is recognised using the effective interest method.

Franchise Fees
Franchise fees are amounts specified by contracts between the group and its franchisees. The contracts specify dates when fee amounts are to be invoiced. There are no other conditions affecting recognition of this revenue, thus it is governed by the contract dates.

Sales
Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Royalties & Government subsidies
Royalties & Government subsidies are accounted for on an accruals basis, with receipts apportioned over the period that the amount received relates to.

1.14 Impairment of assets

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.

Inventory is regularly assessed for potential indicators of impairment.

1.15 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.16 Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1.17 Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.19 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.20 Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of Microskin PLC's entities is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from Microskin PLC's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to Microskin PLC's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

1.21 Key estimates and judgements

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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If any impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell, or value-in-use calculations, which incorporate a number of key estimates and assumptions.

1.22 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 and intends to adopt IFRS 9 no later than the accounting period beginning on 1 July 2015. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

2. Revenue and Other Income

	Note	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Sales revenue			
- Sale of goods		193,543	229,119
		193,543	**229,119**
Other revenue			
- Interest revenue		350	210
- Government subsidies received		-	26,441
- Other revenue		10,958	-
- Franchise fees		295,000	156,943
- FBT employee contributions		11,428	11,428
- Royalties		59,874	49,220
- Debt forgiveness		243,031	-
- Currency (Loss)/Gain		(68)	128
		620,573	**244,370**
Total Revenue		**814,116**	**473,489**

3. Operating loss

The following items have been included in arriving at the operating loss:

	Year ended June 2015 $	Year ended June 2014 $
Depreciation on property, plant and equipment	17,164	23,325
Amortisation on intangible assets	16,469	67,517
Bad debt expense	-	250,000
Directors' remuneration	-	137,944
Auditor's remuneration		
- As auditors (for Microskin PLC)	7,500	8,500
- As tax agents (for Microskin PLC)	2,000	2,000
- As auditors (for Microskin Holdings Limited)	7,500	29,500
- As tax agents (for Microskin Holdings Limited)	-	21,900

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.

4. Segment Information

The board of directors is the group's chief operating decision-maker. The board has determined the operating segments based on the information reviewed by the board for the purposes of allocating resources and assessing performance.

The board considers the business from both a geographic and product perspective. Geographically, management considers the performance in Australia, the USA, Scandinavia & the Baltics, South East Asia, India, Turkey & Saudi Arabia. These are locations that house either a Microskin group owned and operated clinic, or a franchised clinic. From a product perspective, at this stage in the group's life cycle, management consider there to be only one product: Microskin.

Location	**Revenue Year ended 30 June 2015 $**	**Revenue Year ended 30 June 2014 $**
Australia	459,242	232,617
United States of America	45,087	52,522
Scandinavia & the Baltics	8,008	3,797
South East Asia	-	24,553
India	-	80,000
Turkey	6,779	80,000
Saudi Arabia	120,000	-
Brazil	175,000	-
	814,116	473,489

All locations outside of Australia are operated under franchise agreements. For this reason, all operating costs are attributed by management to the Australian segment. Income from outside of Australia is derived without the occurrence of overhead costs.

All group assets are attributed to the Australian segment. As noted above, the revenues from other geographic locations are from franchise arrangements. The Group does not have assets in those countries.

5. Income Tax Expense

	Note	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Current tax expense			
R&D Tax Offset Receivable		-	(53,057)
R&D Tax Offset (previous overpayment)		26,036	-
Deferred tax expense			
Derecognition of deferred tax asset that is no longer probable to be utilised		-	-
Income tax (benefit) from continuing operations		**26,036**	**(53,057)**
		26,036	**(53,057)**

Factors affecting the current tax charge year ended 2015

	UK Activities (tax at 20%) $	Australian Activities (tax at 30%) $	Total $
(Loss)/Profit before tax	(53,514)	83,209	29,965
Prima facie tax payable on profit from ordinary activities before income tax	**(10,703)**	**24,963**	**14,260**
Reconciliation to income/charge:			
- other non-allowable items	-	9,981	9,981
- foreign income	-	637	637
- R&D adjustment	-	26,036	26,036
- brought forward losses applied against profits	-	(35,581)	(35,581)
- current period loss carried forward	10,703	-	10,703
Income tax (benefit)	-	26,036	26,036

Factors affecting the tax charge year ended 2014

	UK Activities (tax at 22.5%)	Australian Activities (tax at 30%)	Total
	$	**$**	**$**
Loss before tax	(10,116)	(660,603)	(670,719)
Prima facie tax payable on profit from ordinary activities before income tax	**(2,276)**	**(198,181)**	**(200,457)**
Reconciliation to income/charge:			
- other non-allowable items	-	5,348	5,348
- foreign income	-	565	565
- R&D expenditure	-	35,372	35,372
- R&D concessions	-	(53,057)	(53,057)
- current period loss carried forward	2,276	156,896	159,172
Income tax (benefit)	**-**	**(53,057)**	**(53,057)**

6. Interests of Key Management Personnel

The totals of remuneration payable to the key management personnel of Microskin PLC during the period are as follows:

	Year ended 30 June 2015	Year ended 30 June 2014
	$	**$**
Barry Lowndes	-	-
Barry Amor [1]	-	137,944
Scott McTaggart	-	-
David Merson	-	-
	-	**137,944**

[1] During the year, Mr Amor's company, Zeehe Pty Ltd, provided Microskin with a credit note for his previous charges as managing director (see Note 26)

Key management personnel shareholdings

The number of ordinary shares in Microskin PLC held by each key management person of Microskin PLC during the financial year is as follows:

30 June 2015	Balance at beginning of year	Acquired during the year	Disposed during the year	Balance at end of year
Barry Lowndes	3,721,802	-	-	3,721,802
Barry Amor	1,901,732	3,975,780	(112,990)	5,764,522
Scott McTaggart	165,625	-	-	165,625
David Merson	208,333	-	-	208,333
	5,997,492	**3,975,780**	**(112,990)**	**9,860,282**

30 June 2014	Balance at beginning of year	Held at Appointment Date	Balance at end of year
Barry Lowndes	3,721,802	-	3,721,802
Barry Amor	1,901,732	-	1,901,732
Scott McTaggart	-	165,625	165,625
David Merson	-	208,333	208,333
	5,623,534	**373,958**	**5,997,492**

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 26: Related Party Transactions.

7. Employees

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Staff costs for the Group during the period:		
Wages and salaries	181,603	216,040
Director’s remuneration	-	137,944
Superannuation	23,410	18,156
	205,013	**372,140**

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

	Year ended 30 June 2015	Year ended 30 June 2014
Management staff	**8**	**8**

8. Earnings per share

Basic earnings per share is 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.

	Year ended 30 June 2015 $	**Year ended 30 June 2014 $**
Profit/(loss) for the period	3,660	(617,662)
Weighted average number of shares	8,943,822	8,702,617

There were no instruments (e.g. redeemable preference shares or share options) in issue as at 30 June 2015 that could potentially dilute earnings per share in the future.

9. Auditors' Remuneration

	Year ended 30 June 2015 $	**Year ended 30 June 2014 $**
Remuneration of KSI (WA):		
- Auditing the financial statements	15,000	8,500
- Providing taxation compliance services	2,000	2,000
Remuneration of other auditors of subsidiaries for:		
- Auditing or reviewing the financial statements	-	29,500
- Taxation services provided by related practice of auditor	-	21,900

10. Cash and cash equivalents – group

	Note	**30 June 2015 $**	**30 June 2014 $**
Cash at bank and in hand		6,388	1,606
		6,388	**1,606**

Reconciliation of Cash

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	30 June 2015 $	30 June 2014 $
Cash and cash equivalents		6,388	1,606
Overdraft		-	(6,684)
Balance as per statement of cash flows		**6,388**	**(5,078)**

11. Trade and other receivables – group

	Note	30 June 2015 $	30 June 2014 $
CURRENT			
Trade receivables		436,185	157,914
Provision for doubtful debts		(65,000)	(65,000)
		371,185	**92,914**
Other receivables – R&D Offset	5	-	53,057
Total current trade and other receivables		**371,185**	**145,971**

12. Inventories – group

	30 June 2015 $	30 June 2014 $
CURRENT		
Finished goods	42,491	56,099
	42,491	**56,099**

13. Other assets – group

	30 June 2015 $	30 June 2014 $
CURRENT		
Prepayments	13,093	12,040
Bonds	2,500	2,500
	15,593	**14,540**

14. Property, plant and equipment – group

	Motor Vehicles $	Plant & Equipment $	Leasehold Improvements $	Total $
At 1 July 2013				
Cost	54,438	97,051	21,323	172,812
Accumulated Depreciation	(16,798)	(63,530)	(5,825)	(86,153)
Net book amount	**37,640**	**33,521**	**15,498**	**86,659**
Year ended 30 June 2014				
Opening net book amount	37,640	33,521	15,498	86,659
Additions	-	785	-	785
Depreciation	(9,410)	(13,002)	(914)	(23,326)
Closing net book amount	**28,230**	**21,304**	**14,584**	**64,118**
At 30 June 2014				
Cost	54,438	97,836	21,323	173,597
Accumulated Depreciation	(26,208)	(76,532)	(6,739)	(109,479)
Net book amount	**28,230**	**21,304**	**14,584**	**64,118**
Year ended 30 June 2015				
Opening net book amount	28,230	21,304	14,584	64,118
Additions	-	9,525	-	9,525
Depreciation	(7,058)	(9,192)	(914)	(17,164)
Closing net book amount	**21,172**	**21,637**	**13,670**	**56,479**
At 30 June 2015				
Cost	54,438	107,361	21,323	183,122
Accumulated Depreciation	(33,266)	(85,724)	(7,653)	(126,643)
Net book amount	**21,172**	**21,637**	**13,670**	**56,479**

15. Intangible Assets – group

	Patent, trademarks and other rights $	Computer Software $	Total $
Cost			
At 1 July 2014	331,497	49,735	381,232
Additions	11,747	16,329,879	16,341,626
As at 30 June 2015	**343,244**	**16,379,614**	**16,722,858**
Accumulated amortisation			
At 1 July 2014	(67,517)	(49,735)	(117,252)
Amortisation charge	(16,468)	-	(16,468)
As at 30 June 2015	**(83,985)**	**(49,735)**	**(133,720)**
Net book value			
Cost	343,244	16,379,614	16,722,858
Accumulated Depreciation	(83,985)	(49,735)	(133,720)
As at 30 June 2015	**259,259**	**16,329,879**	**16,589,138**

On 23 June 2015, the Board completed the acquisition of Mobilespectra Pty Ltd for $16,329,879. This transaction was accounted for as an asset acquisition. The consideration for the transaction was attributed to the single asset acquired: a colour matching app for the second skin products produced under the Microskin brand. It is anticipated that this app will form the cornerstone of a major expansion in online sales for the company.

At this time, with final work on the app before launch not completed, amortisation of the asset has not commenced. This will start from the date the app is ready for use.

16. Trade and other payables – group

	Note	30 June 2015 $	30 June 2014 $
CURRENT			
Unsecured liabilities			
Trade payables		118,391	462,940
Sundry payables and accrued expenses		234,674	187,276
		353,065	**650,216**

17. Borrowings – group

	Note	30 June 2015 $	30 June 2014 $
CURRENT			
Secured liabilities:			
Bank Loan		46,975	51,676
Other Borrowings		-	6,113
Hire Purchase Finance		36,896	13,196
Less: Unexpired HP Interest		(2,177)	(3,700)
Unsecured liabilities			
Overdraft		-	6,684
Other Borrowings		523,613	531,598
Total current borrowings		**605,307**	**605,567**

	Note	30 June 2015 $	30 June 2014 $
NON-CURRENT			
Secured liabilities:			
Hire Purchase Finance		-	36,896
Less: Unexpired HP Interest		-	(2,177)
		-	**34,719**
Total non-current borrowings		**-**	**34,719**

18. Provisions – group

	30 June 2015 $	30 June 2014 $
CURRENT		
Employee leave provisions	55,707	50,919
	55,707	**50,919**

19. Shares to be issued – parent company and group

	30 June 2015 $	30 June 2014 $
CURRENT		
Shares to be issued	16,329,879	-
	16,329,879	**-**

On 23 June 2015, the group completed the acquisition of Mobilespectra Pty Ltd, in exchange for 5,325,279 shares of Microskin PLC, valued at $16,329,879. These shares were approved for issue by a general meeting of the Company held 21 July 2015.

At that time, this liability was extinguished, and the net assets of the company were increased by $16,329,879.

20. Issued capital – parent company and group

	30 June 2015 $	30 June 2014 $
9,037,686 (2014: 8,702,617) fully paid ordinary shares	13,659,056	13,122,223
Total	**13,659,056**	**13,122,223**

	$	No.
Movements in ordinary shares		
At 30 June 2014	**13,122,223**	8,702,617
Issue of shares	**536,834**	335,069
At 30 June 2015	**13,659,056**	9,037,686

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.

21. Reserves - group

The following are components of reserves of the Group, as at 30 June 2015:

	Note	30 June 2015 $	30 June 2014 $
Merger reserve		(11,397,975)	(11,397,975)
Foreign exchange reserve		31,802	42,457
		(11,366,173)	**11,355,518**

a) *Merger Reserve*
The merger reserve was created on acquisition of Microskin Holdings Limited by Microskin PLC, via a share for share exchange, via accounting methodologies discussed in Note 1.

This balance reflects the increased value of equity created when the PLC was established, with share capital totalling $13,122,223, vs the original share capital of Microskin Holdings Limited of $1,704,248. It does not reflect any trading transactions that have been undertaken by the business.

b) *Foreign Exchange Reserve*
The foreign exchange reserve arises from the translation of foreign denominated subsidiaries into Australian Dollars, for presentation in these financial statements.

22. Cash flow information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Profit/(loss) after income tax	3,660	(617,662)
Non-cash flows in profit:		
- amortisation/depreciation	33,633	90,843
- bad debts	-	250,000
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)in trade and other receivables	(225,214)	(38,314)
- (increase) in other assets	(1,054)	(263)
- decrease in inventories	13,608	7,465
- (increase)/decrease in current tax receivable	2,586	4,466
- (decrease) in trade and other payables	(307,806)	334,832
- increase/(decrease) in provisions	4,788	7,421
Cashflow from operations	**(475,799)**	**38,788**

Non-cash transactions
There were no major non-cash transactions undertaken during the year.

23. Investment in subsidiary – parent company

Microskin PLC acquired control of Microskin Holdings Limited via a share for share exchange in 2013. The value of that acquisition was $13,122,223. This was based on expected future earnings potential. At 30 June 2015, however, the net liabilities of the subsidiary are $692,751. Thus, a provision has been made against the value for the parent company, which shows in accumulated losses in their statement of financial position.

Please note, provisions are reversible in future years, depending on results and growth.

	30 June 2014 $	30 June 2013 $
Value of shares held	13,122,223	13,122,223
Provision for impairment	(13,122,223)	(13,122,223)
Balance at year end date	-	-

24. Controlled entities

	Country of Incorporation	Percentage Owned (%) 30 June 2015	Percentage Owned (%) 30 June 2014
Subsidiaries of Microskin PLC:			
Microskin Holdings Pty Ltd	Australia	**100**	100
Microskin International Pty Ltd	Australia	**100**	100
Blonde Holdings Pty Ltd	Australia	**100**	100
Microskin Australia Pty Ltd	Australia	**100**	100
Microskin US LLC	USA	**100**	100
Microskin UK Limited	UK	**100**	100
Mobilespectra Pty Ltd	Australia	**100**	-

Acquisition of Mobilespectra Pty Ltd
On 23 June 2015, the Group completed an agreement to acquire Mobilespectra Pty Ltd, an Australian company. The acquisition terms provided for the issue of 5,325,279 shares in Microskin PLC, valued at $16,329,879, in exchange for 100% of the share capital of Mobilespectra Pty Ltd. See Note 19 for further detail.

Because Mobilespectra Pty Ltd was an asset holding company, and did not qualify as business – having a trade – the acquisition was accounted for as an asset acquisition, and the entire cost of acquisition was attributed to the asset acquired – the colour-matching app which forms a key part of the business' strategy for the coming years. See Note 15 for further detail.

25. Events after the end of the Reporting Period

On 21 July 2015, the issue of 5,325,279 shares was approved at a general meeting of the company. These shares were transferred to the vendors of Mobilespectra Pty Ltd, in accordance with the acquisition agreement.

On 18 August 2015, the GXG market in London closed. Microskin PLC subsequently listed on the Marche Libre exchange in Paris (a sub-market of Euronext), completing their listing on 7 September 2015.

Aside from as above disclosed, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

26. Related party transactions

Transactions during the year

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Year ended 30 June 2015	Year ended 30 June 2014
	$	$
Management Fees from Microskin Holdings Ltd to Microskin International Pty Ltd	-	61,641
Expenses paid by Microskin Holdings Ltd, on behalf of Microskin PLC	53,514	10,116
Key Management Personnel		
(Debt forgiveness from)/Consultant fees due to Zeehe Pty Ltd as trustee of the Amor Family Trust in which one of the directors has a beneficial interest	(243,031)	137,400
Settlement of liabilities to Skiptrak Pty Ltd (an associated entity of Mr Amor) via share issue	536,833	-

Balances at the year end date

	30 June 2014	30 June 2014
	$	$
Key Management Personnel		
Amounts due to Zeehe Pty Ltd as trustee of the Amor Family Trust in which one of the directors has a beneficial interest.	-	275,013
Amounts due to Mr Barry Lowndes	128,739	128,739
Amounts due to Mr Barry Amor	147,857	84,724
Amounts due to Mr Scott McTaggart	-	64,211
Amounts due to Mr David Merson	-	32,674

Ultimate controlling party

Microskin PLC is majority owned by the directors, Mr Barry Amor and Mr Barry Lowndes. Together, they control 67% of the company's shares, through personal beneficial holdings and immediate family.

27. Parent Information

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

Contingent Liabilities
At 30 June 2015, Microskin PLC did not have any contingent liabilities.

Contractual Commitments
At 30 June 2015, Microskin PLC had not entered into any contractual commitments for the acquisition of property, plant or equipment.

28. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with IAS 39 as detailed in the accounting policies to these financial statements, are as follows:

	Note	30 June 2015 $	30 June 2014 $
Financial Assets			
Cash and cash equivalents		6,388	1,606
Trade and other receivables		371,185	145,971
Total financial assets		**377,573**	**147,577**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables		353,065	650,216
Borrowings		605,307	640,286
Total financial liabilities		**958,372**	**1,290,502**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by Microskin PLC's finance function under policies and objectives which have been approved by the Board of Directors. The Managing Director, Mr Amor, has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's trade and other receivables.

To mitigate this risk, the Group are working hand in hand with their franchise partners, and providing them with every assistance to help grow each individual franchisee.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Market risk

Interest rate risk:
The group's external debt bank loan is variable rate and the chattel mortgage is fixed rate interest.

Foreign exchange risk:
Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Price risk
The group is not exposed to any material commodity price risk.

29. Commitments and contingencies

At 30 June 2015 the Group did not have any contingencies.

At 30 June 2015 the Group had the following obligations under non-cancellable finance leases:

	30 June 2015	30 June 2014
	$	$
Finance lease commitments		
Payable – minimum lease payments		
- Not later than 12 months	36,896	13,196
- Between 12 months and 5 years	-	36,896
Minimum lease payments	36,896	50,092
(Less future finance charges)	(2,177)	(5,877)
Present value of minimum lease payments	34,719	44,215

30. Share based payments

During the year, the company engaged in the following transactions via issue of shares:

Transaction	*Number of shares issued*	*Value of shares issued*
Acquisition of Mobilespectra Pty Ltd	5,325,279	16,329,879
Settlement of loans	175,069	536,833

Other than as above disclosed, no shares were granted to suppliers as shared based payments during this or the preceding financial period. No share options have been granted to employees or directors.

31. Company details

The registered office of the company is:

Microskin PLC
27 Old Gloucester Street
London
United Kingdom
WC1N 3AX

The principal place of business is:

Microskin Holdings Pty Ltd
271a Rode Road
Wavell Heights QLD 4012
Australia

We have audited the financial statements of Microskin PLC on pages 10 to 45 for the year ended 30 June 2015. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Director's Responsibilities Statement on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2015 and of the group's profit for the year then ended;
- the group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Inherent uncertainty regarding continuation as a going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements considering the group's ability to continue as a going concern.

We draw attention to Note 1.2 in the financial statements, which indicates that the group paid operating expenses of $727,652 during the year, but only has cash at 30 June 2015 of $6,388.

The group expects growing sales and income from franchise fees in the coming year, following the resolution of a regulatory hold-up which was affecting the group's Saudi Arabian licensee. The group has also secured additional funding through the support of its director and shareholder, Mr Amor.

Given those findings, we believe that the group's ability to continue as a going concern is dependent on the group securing additional funding through shareholder loans, or successful realisation of revenue growth via the Group's plans to expand their franchise locations and sales in the coming year.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Remuneration Report

We have audited the director's remuneration report, shown on page 8 of the directors' report, for the year ended 30 June 2015. The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 421 of the *Companies Act 2006.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit, in accordance with section 497 of the *Companies Act 2006*.

Opinion on Remuneration Report

In our opinion, the part of the Director's Remuneration Report to be audited has been properly prepared in accordance with the *Companies Act 2006.*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicholas Hollens

Nicholas Hollens – Senior Statutory Auditor
For and on behalf of KSI (WA) – Statutory Auditors

35 Outram Street
West Perth WA 6005
Australia

27 November 2015