Sisram Medical Ltd

(Incorporated in Israel with limited liability)

Enhancing **Quality of Life**

2019 Interim Report

Sisram Med

Stock Code: 1696.HK

CONTENTS

Rise of Infosumers – Based on Millennials, Preparing towards Generation Z

By the year 2025, Millennials (referring to people born in the 1980s and the 1990s) will comprise 75%[1] of the global workforce market. The following generation, named Generation Z (referring to people born in mid-1990s and the 2000s) will surpass Millennials during 2019 and become the most populous generation, comprising roughly 32%[2] of the global population. Born in the information consumption era, the "Millennials" have matured, followed by the Generation Z, and they have gradually become the main force of the current consumption, leading the trend of market.

The growth of these two generations is accompanied by the popularity and rapid development of the Internet. The ever-changing Internet affects their lives constantly, and makes this consumer group pay more attention to individualization and diversification, pursue quality and service, and lead experiential consumption.

Based on our understanding on the emerging main force of consumption, we recognize that consumers in the future will be more aware of their needs and be eager to guide the market to conform to their consumption philosophy and habits. We, Sisram Medical, distilled these insights into our corporate mission, adopting an end consumer-centric approach to shift the Company's focus from "us" to "you", that is, from "corporate output to the market" to "end consumer inputs influencing corporate output".

> **Sisram is adopting consumer centric approach, shifting corporate's perspective from "us" to "you"**

1 EY, Global Generations: A Global Study on Work- Life Challenges Across Generation (2015):p.1.

2 Bloomberg analysis of United Nations data, using 2000/2001 as the generation split

Under the guidance of such a corporate mission, one of our active actions is to set up direct offices in chosen territories to get closer to our target markets directly. With the implementation of this plan, our revenue from direct operation as a percentage of total revenue is increasing, and we gradually change the previous operating model dominated by distributors, which both bring us closer to the end consumers. Along with the increase in revenue, we continue to enhance our brand's popularity and reputation as well as strengthen our market position and influence.

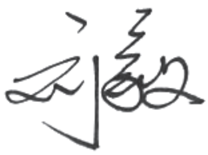
At the same time, Sisram Medical, as an independent listed company in Fosun Pharma's medical technology ecosystem, undertakes the mission of continuing to explore and develop in the global medical device market. Deeply rooted in the field of medical aesthetics, Sisram Medical will consistently strive to "enhancing quality of life" for generations of consumers through the interaction and synergy within Fosun Pharma's medical technology ecosystem, and attempts in new areas of medical devices.

With this strategic focus and deployment methodology, I am confident that we will continue to present excellent results, year over year.

Appreciation

On a closing note, I would like to take this opportunity to thank our customers, key opinion leaders, shareholders, partners, suppliers, and our employees for their contribution to our success as well as the achievement of our future goals.

Liu Yi
Chairman



From Technology to Knowledge, from Treatment to Prevention, from Procedure to Experience

Alma, Sisram Medical's core subsidiary, is celebrating its 20th anniversary this year, coming a long way from its early days as a technology-oriented start-up to its current market position as one of the top 5 global leaders in the industry and number one in the PRC. This significant anniversary is an opportunity to reflect, regroup, redefine and refine our mission, long term strategy and concrete work plan.

Adhering to our corporate vision – "enhancing quality of life", we outlined a long-term strategic plan that will bring Alma's brand and later on, Sisram Medical's brand into the consumer (end-user) arena. At the core of this plan are people, it all revolves around people – our employees, our partners, our customers and our users, those who develop, test, market, sell, support, use and undergo medical aesthetics treatments – we do not see them as revenues, we look at them as we look at ourselves with deep empathy, caring and genuine concern regarding their quality of life.

Channeling our value creation methodology through the consumer prism, brought us to define three main paths for business excellence:

1. Exciting treatment experience benefiting all stakeholders – clinic owners, practitioners and patients. Our recently launched Soprano Titanium, the new laser hair removal platform, featuring an entirely new treatment experience, swept the market by storm, demonstrating 14.1% growth in this product line revenues YOY.

> **We believe that exciting treatment experience, safer, more effective treatments and new hybrid treatments are the building blocks to consumer value creation**

9.3% Revenue growth YOY

Gross profit increased by **17.0%**

Gross profit margin reaching all time high of **57.3%**

52.5% of revenues derived from direct sales

3 New subsidiaries - Israel, Australia & South Korea

2. In our peruse for safer, more effective treatments, we outlined two distinct clinical domains – holistic treatments and feminine health:

    - The focus of holistic treatments is on Laser-assisted Liposuction for autologous fat grafting (autologous fat transfer, fat repositioning and tissue enhancement). The clinical trial objective is to evaluate autologous fat grafting quality (by MRI measurements of grafted tissue thickness) at 6 months following laser assisted liposuction

    - The focus of feminine health treatments covers evaluation of multiple feminine indications including:

        - Stress Urinary Incontinence (SUI) – the leading variation of a prevalent medical condition affecting 23% to 55% of the global women population[3]. Preliminary results show significant improvement of incontinence and bladder stress tests in 69% of the patients 12 months post treatment

        - Vulvar Atrophy and Lichen Sclerosis

        - Genitourinary Syndrome of Menopause both in young cancer survivors and post-menopausal women

        - Vestibulitis

        The clinical data indicate that both holistic and feminine related treatments are safe and effective for the general female population including the specific breast cancer survivors' sub-population who cannot undergo standard of care (hormonal treatments).

3. New hybrid treatments based on best practices and technologies combinations, for example – our Harmony triple-laser-wavelengths based protocol for skin rejuvenation, treating multiple indications on multiple skin layers in one session. Another example takes two hot trends – 'combination" and 'natural' into practiced reality – we have finalized the planning and are about to roll-out a clinical study in the University of Modena, Italy to prove safety and effectiveness in the combination of IBSA's Profhilo Hyaluronic acid and Alma's energy-based solutions in two key indications: Acne Treatment and Skin Rejuvenation.

On the product front we have further established our minimally-invasive platforms: our BeautiFill by LipoFlow is the first and only energy-based device cleared by the FDA for autologous fat grafting, recently positioned us as one of the top 4 companies holding 80% of the market for fat grafting[4]. Our FemiLift platform's offering is in advanced stages of extending its FDA clearances for additional feminine health indications, while our bio-compatible disposable vaginal probe was recently granted patent for its laser energy delivery shield, ensuring the safety and efficacy of vaginal treatments.

3 International Journal of Reproduction, Contraception, Obstetrics and Gynecology Guin G et al. Int J Reprod Contracept Obstet Gynecol. 2018 Jun;7(6):2115-2119

4 Autologous Fat Grafting Market Forecast, Trend Analysis & Competition Tracking: Global Market Insights 2019 to 2029, Fact.MR

Focusing on the consumer market has also a geographical aspect, with the establishment of new direct sales offices in Israel, Australia and South Korea. The added value of increased top-line derived by higher applicable average selling price and the strengthening of our brand and market position is manifested by a significant shift in our revenue's ratio. This is the first instance that our direct sales revenue surpasses the distributors' revenue with 52.5% attributed to the first and 47.5% to the later.

With a revenue growth of 9.3% YOY, an all-time record of 57.3% gross margin, and balanced geographical business presence, I feel confident in our strategy roll-out, and our near future plans for the second half of 2019.

Appreciation

On behalf of the Board, I would like to thank our employees for their dedication and thrive for success, and to our customers, shareholders and partners for their trust and support.

With the greeting of a great annual report 2019,

Lior M. Dayan
Chief Executive Officer

"Alma named one of the top four companies holding 80% of the global fat grafting market, the new hot body & face contouring trend"

Financial Highlights

	Six months ended June 30,		
	2019	2018	2017
	US$'000	US$'000	US$'000
Operating results			
Revenue	**85,432**	78,155	66,288
Gross profit	**48,972**	41,859	36,087
Profit before tax	**15,573**	13,642	10,656
Profit for the period	**13,865**	11,254	7,818
Profit for the period attributable to owners of the parent	**13,209**	11,254	7,818
Profitability			
Gross margin	**57.3%**	53.6%	54.4%
Net profit margin	**16.2%**	14.4%	11.8%

	As at June 30, 2019 US$'000	As at December 31, 2018 US$'000	As at December 31, 2017 US$'000
Assets			
Total assets	**386,751**	350,075	346,615
Equity attributable to owners of the parent	**319,874**	314,100	292,976
Total liabilities	**66,877**	35,975	53,639
Cash and bank balances	**102,768**	104,530	104,137

1. Business review

The Company is a leading global provider of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which feature its innovative and proprietary technologies. Alma, the Company's core subsidiary, has recently entered the injectable market with a distribution agreement from IBSA Derma, a Swiss cosmeceutical company and a leading subsidiary of IBSA Pharma corporation, for the distribution of its products in Israel, Hong Kong, India and China. "Alma"' brand, as well as the brands of many of the Group's products such as "Soprano", "Harmony", "ClearLift", "Accent", "FemiLift" and "BeautiFill" are widely recognized and well regarded among treatment providers and treatment recipients worldwide. The Company sells its treatment systems via distributor and direct sales operations in over 90 countries and jurisdictions worldwide.

The treatment systems developed and manufactured by the Company can be used for a broad range of non-invasive and minimally invasive medical aesthetic treatments. The Company has a comprehensive portfolio of treatment systems, including its Core product line and Beauty product line, which can be utilized to perform non-invasive medical aesthetic treatments such as hair removal, skin rejuvenation, skin resurfacing, body contouring, skin tightening, treatment of vascular and pigmented lesions, tattoo removal, acne treatment and cellulite reduction. The Company's treatment systems can also be utilized to perform minimally invasive treatments such as assisted liposuction and fat grafting, feminine health, varicose veins and ear, nose and throat procedures. The Company's flagship offerings include: (i) the Soprano laser hair removal family; (ii) the Harmony multi-application Dermatology family, with over 65 FDA-cleared indications; (iii) the Accent family, primarily used for body contouring and skin tightening, all of which belong to its Core product line; (iv) FemiLift, a minimally invasive treatment system for various feminine conditions and (v) BeautiFill by LipoFlow platform, the first and only energy-based device cleared by the FDA for autologous fat grafting. In addition, the Company offers Beauty product line treatment systems such as REJUVE and SPADEEP.

2. Business review for the first half of 2019

Alma, our core subsidiary is celebrating its 20th anniversary this year. With this major milestone in mind, we began 2019 by reflecting, regrouping and refining our mission, long-term strategy and concrete work plan:

The Company has established a global sales and distribution network, with total revenue for the six months ended June 30, 2019 representing an increase of 9.3% compared to 2018 corresponding period, demonstrating a balanced geographical revenue mix, which is identical to the previous reporting period – 33.3% of revenues derived from the Western territories (North America and Latin America), 67.7% of revenues derived from the Eastern territories (Europe, the Middle East and Africa and Asia Pacific). See revenue by geographic segments section in the "Financial Review" section below.

The gross profit margin amounted to 57.3%, compared to 53.6% for the corresponding period in 2018. Gross profit increased by 17.0% due to higher direct sales versus distributors sales.

Research and Development

- Research and development employees headcount increased by 12.5% YOY
- We have launched 2 new products – (1) Soprano Titanium, the most advanced laser hair removal platform on the market today, that swept the market by storm, demonstrating 14.1% growth in the laser hair removal product line revenues YOY and (2) Colibri technology, a needle-thin Microplasma applicator designed for non-surgical blepharoplasty and wrinkles reduction, creating significant market traction
- On the clinical research front, we have initiated several clinical studies targeting safer, more effective treatments in the holistic treatments and feminine health domains

Sales and Marketing

- The infrastructure work and investment in developing and exceling our North America sales operation has already registered success with an amazing 27% revenues growth YOY
- Pursuing our methodology of "global presence with local specialty – think global, act local", we formed a global marketing committee, serving as an "advisory board" for marketing related issues, leveraging our vast knowledge and experience around the world, identifying best practices and implementing it where needed

Mergers and Acquisitions

During the Reporting Period, we have completed the acquisition of 60% equity interest of Nova, our Israeli distributor, extending Alma's business outreach and establishing a direct operation in Israel. The acquisition is part of Alma's Direct-to-Consumer strategy, outlined in 2017, aimed at maintaining Alma's leading position in market and strengthening its brand awareness among consumers.

Business Development

During the Reporting Period, we span our business operation across the larger medical aesthetics market to tap into new segments:

- Injectables segment (composed of dermal fillers and cosmetic neurotoxins) with the initial offering of an innovative skin tissue enhancer (Profhilo) produced by IBSA Derma
- Consumables segment with action facilitator cosmeceuticals

Operations

- Global ERP project, designed to accelerate the Company's growth, is in implementation phase, go live is planned for the first quarter of 2020
- Alma's new campus project is in execution phase with 30% of plan accomplished. The campus will consolidate five operation sites into one with future expansion capacity of 50%. Facility transition is planned for August 2020
- Competitive procurement project, including advanced suppliers' control structural methods, has been designed and is in implementation process

Incorporation of Subsidiaries in Australia and South Korea

On May 17, 2019 and June 25, 2019, respectively, the Company has incorporated a new subsidiary in each of Australia and South Korea, to distribute Alma's product and to develop Alma's share in these markets. As of June 30, 2019, there have been no operations for both subsidiaries yet.

3. Outlook for the second half of 2019

In the second half of 2019, Sisram will continue to be committed to its mission to provide modular, cost-effective and high-performance systems based on the very latest clinical research and cutting-edge technology, adhere to its corporate philosophy of "Enhancing Quality of Life". It will endeavor to capture the opportunities presented by the broad aesthetic and surgical markets, executing the development strategies of organic growth, external expansion and integrated development, and step up its efforts to acquire and integrate with domestic and overseas quality aesthetic and surgical manufacturing companies. We intend to fully exploit the global rising demand for body contouring, dermatology and feminine health treatments to further expand our market share and bolster our position in each territory.

We plan to focus on the following targets:

1. Develop our market share in the new subsidiaries' territories (Australia and South Korea)
2. Explore additional opportunities for subsidiaries' worldwide
3. Allocate research and development resources to explore the combination of energy sources and pharmaceuticals, develop technologies, products and protocols that will best utilize the findings of the Company's research
4. New dermatology product launch

5. Initiate additional clinical studies, including FDA focused trials

6. Distribute affiliating products and technologies in a private label/ODM model

7. Increase marketing investments, strengthening Alma's brand on the consumer level

8. Leverage Fosun Pharma's channels in the PRC to capture larger market share (for surgical, injectables, beauty and cosmeceuticals segments)

4. Financial review

During the Reporting Period, the unaudited interim results and the summary of financial results are as follows:

A. Revenue

During the Reporting Period, revenue of the Group increased from US$78.2 million to US$85.4 million, representing an increase of 9.3% as compared to the corresponding period in 2018.

Revenue by main product segments

We generate revenue from the following revenue streams: (i) sale of goods; and (ii) services and others. The revenue from sale of goods amounted to US$77.3 million, representing an increase of 7.4% as compared to the corresponding period in 2018, which was mainly contributed by the growing revenue from sales of non-invasive medical aesthetic products. The revenue from service and others amounted to US$8.1 million, representing an increase of 32.2% as compared to the corresponding period in 2018.

The following table sets forth our revenue breakdown by main product lines and as a percentage of our total revenue for the six months ended in the years indicated:

	Six months ended June 30,				
	2019		2018		YOY %
	(US$ in thousands, except for percentages)				
Sale of Goods:					
Non-invasive medical aesthetics:					
Core product line	**60,150**	**70.4%**	57,238	73.2%	5.1%
Beauty product line	**4,649**	**5.4%**	5,629	7.2%	(17.4%)
Subtotal	**64,799**	**75.8%**	62,867	80.4%	3.1%
Minimally invasive	**11,171**	**13.1%**	9,135	11.7%	22.3%
Non-EBD*	**1,327**	**1.6%**	—	—	—
Subtotal	**77,297**	**90.5%**	72,002	92.1%	7.4%
Services and Others	**8,135**	**9.5%**	6,153	7.9%	32.2%
Total	**85,432**	**100.0%**	78,155	100.0%	9.3%

We have derived a substantial majority of our revenue from our Core product line, representing 70.4% of our total revenue for the Reporting Period. This includes our flagship non-invasive medical aesthetics treatment systems: Soprano, Harmony and Accent platforms, as well as our Aesthetic Precision product line. Revenue from the sale of our Core product line was US$60.2 million for the six months ended June 30, 2019, which increased by 5.1% in comparison with a revenue of US$57.2 million in the corresponding period in 2018. The increase was mainly attributed to our body Contouring Line of products.

* Non-EBD (Energy Based Devices) – includes sales of Dermal Fillers.

Our minimally invasive product line revenue increased by 22.3% and amounted to US$11.2 million compared to US$9.1 million for the corresponding period in 2018. The increase is primarily attributed to the growth in sales volume of our BeautiFill by LipoFlow platform, the first and only energy-based device cleared by the FDA for autologous fat grafting.

Revenue by geographic segments

The following table sets forth our revenue by geographic segments for the six months ended in the years indicated (measured by the location of our direct sales customers and our distributors):

	Six months ended June 30,				
	2019		2018		YOY %
	(US$ in thousands, except for percentages)				
Europe	**25,051**	**29.3%**	22,805	29.2%	9.8%
North America	**22,204**	**26.0%**	17,444	22.3%	27.3%
Asia Pacific	**21,474**	**25.1%**	25,519	32.6%	(15.9%)
Middle East and Africa	**10,494**	**12.3%**	3,694	4.8%	184.1%
Latin America	**6,209**	**7.3%**	8,693	11.1%	(28.6%)
Total	**85,432**	**100.0%**	78,155	100.0%	9.3%

Our Europe revenue increased by 9.8% to US$25.1 million in the Reporting Period from US$22.8 million for the corresponding period in 2018. The increase is attributed to a high ratio of direct sales.

Our North America revenue increased by 27.3% to US$22.2 million in the Reporting Period from US$17.4 million for the corresponding period in 2018. The increase is attributed to our prominent position in the body contouring market with the successful launch of our fat grafting solution – BeautiFill by LipoFlow, the first and only energy-based device cleared by the FDA for autologous fat grafting.

Our Asia Pacific revenue decreased by 15.9% to US$21.5 million in the Reporting Period from US$25.5 million for the corresponding period in 2018. We have been tracking the Asia Pacific region results, with the global challenging economical atmosphere. Accordingly, we are designing and executing a regional focus strategy, manifested in the expansion of our direct operation, starting with the establishment of two new subsidiaries in South Korea and Australia.

Our Middle East and Africa revenue increased by 184.1% to US$10.5 million in the Reporting Period from US$3.7 million for the corresponding period in 2018. The increase is mainly attributed to the transition from distributors sales model to direct sales, which has been achieved in first half year of 2019 by the acquisition of Nova. See Mergers and Acquisitions section in the "Business review for the first half of 2019" section above.

Our Latin America revenue decreased by 28.6% to US$6.2 million in the Reporting Period from US$8.7 million for the corresponding period in 2018. The decrease is related to the challenging geo-economical atmosphere in Latin America manifested in local currencies exchange rates fluctuations.

B. Gross profit and gross profit margin

During the Reporting Period, gross profit of the Group increased by 17.0% to US$49.0 million from US$41.9 million for the corresponding period in 2018 due to the increase in revenues.

The gross profit margin for the Reporting Period and the corresponding period in 2018 were 57.3% and 53.6%, respectively. The increase relates mainly to higher portion of direct sales 52.5% compared to 36.8% at the corresponding period in 2018.

C. Selling and distribution expenses

During the Reporting Period, selling and distribution expenses of the Group increased by 27.1% to US$20.1 million from US$15.8 million for the corresponding period in 2018, the increase results from the transition to direct sales mainly attributed to the growth in sales in the United States market.

D. Administrative expenses

During the Reporting Period, administrative expenses of the Group increased by 11.5% to US$7.6 million from US$6.8 million for the corresponding period in 2018. The increase is mainly attributed to the consolidation of Nova's expenses and the revaluation of contingent consideration related to Nova's acquisition.

Administrative expenses include amortization of intangible assets arising from the acquisitions of Alma and Nova. During the Reporting Period, the amortization is US$2.6 million, compared to US$2.5 million in the corresponding period in 2018.

E. Research and development expenses

During the Reporting Period, we maintained a consistent level of research and development expenses based on industry benchmark and the corresponding period in 2018 amounting to US$4.9 million.

F. Finance costs

Finance costs comprise mainly interest on bank loans. During the Reporting Period, finance costs also include interest on lease liabilities, which were recognized upon the adoption of IFRS 16 – Lease on January 1, 2019.

G. Income tax expense

Income tax expense decreased by 28.5% to US$1.7 million in the Reporting Period from US$2.4 million for the corresponding period in 2018. This was primarily attributable to Alma which received on December 4, 2018 a ruling from the Israeli Income Tax Authority, which grants Alma with a SPTE status, in accordance with the legal criteria and the conditions mentioned in the ruling, effective January 1, 2017.

In addition, the TCJA reduced the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2018. Due to the new tax status, the effective tax rate of the Group was 11.0% for the Reporting Period in comparison to 17.5% for the corresponding period in 2018.

H. Profit for the period

As a result of the foregoing, during the Reporting Period, our profit increased by 23.2% to US$13.9 million from US$11.3 million for the corresponding period in 2018.

The net profit margin of the Group during the Reporting Period and the corresponding period in 2018 were 16.2% and 14.4%, respectively.

I. Adjusted net profit and adjusted net profit margin

The Group calculates adjusted net profit by taking profit for the period and adjusting: (i) amortization of other intangible assets; (ii) Changes in contingent consideration arising from Nova's acquisition; (iii) bonus to managements and employees as a result of the completion of the Listing; and (iv) deferred tax liability arising from other intangible assets, which primarily relates acquisitions.

The Group presents this financial measure because it is used to evaluate financial performance by excluding the impact of items that the Group does not consider indicative of the Group's ordinary operating performance.

The term adjusted net profit is not a financial measure defined under IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact net profit for the period. Items excluded from adjusted net profit are significant components in understanding and assessing the Group's operating and financial performance. The following table reconciles the adjusted net profit for the reporting period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit for the period:

	Six months ended June 30,		
	2019 US$'000	2018 US$'000	YOY %
PROFIT FOR THE PERIOD	**13,865**	11,254	23.2%
Adjusted for:			
Amortization of other intangible assets arising from acquisitions	**2,588**	2,519	2.8%
Contingent consideration arising from acquisitions	**274**	—	—
Bonus to managements and employees relating to IPO	—	1,950	(100.0%)
Deduct: deferred tax arising from other intangible assets	**(349)**	(412)	(15.3%)
Adjusted net profit	**16,378**	15,311	7.0%
Adjusted net profit margin	**19.2%**	19.6%	

5. Debt Structure, Liquidity and Sources of Funds

A. Gearing Ratio

As at June 30, 2019 and December 31, 2018, the Group's cash and cash equivalents exceeded the total debt. As such, no gearing ratio was presented. The gearing ratio is calculated as net debt divided by total equity plus net debt.

B. Interest Coverage

During the Reporting Period, the interest coverage, which is calculated by EBIT (Earnings Before Interest and Taxes) divided by financial costs was 32.3 as compared with 26.9 for the corresponding period in 2018.

C. Available Facilities

As of June 30, 2019, Sisram did not have any unutilized banking facilities. Sisram is financing its operations through cash generated from operating activities.

D. Interest Rate

As at June 30, 2019, total interest-bearing bank and other borrowings at a floating interest rate amounted to US$3.0 million (December 31, 2018: US$2.2 million).

E. Maturity Structure of Outstanding Debts

The following table sets forth the maturity structure of outstanding debts as at June 30, 2019 and December 31, 2018. Lease liabilities were initially recognized upon the adoption of IFRS 16 – Lease on January 1, 2019 and no such liabilities were recorded as of December 31, 2018.

	June 30, 2019 US$'000	December 31, 2018 US$'000
Within 1 year	**2,482**	2,171
1 to 2 years	**376**	—
2 to 5 years	**98**	—
Total	**2,956**	2,171

F. Collateral and Pledged Assets

On April 13, 2014, the Company entered into a loan agreement pursuant to which an unconditional guarantee agreement with the banks was entered into, pursuant to which, the Company granted and pledged to the banks a continuing security interest in all the Company's assets. In addition, the Company granted and pledged to the banks all of the issued and outstanding shares of Alma and a floating charge over all of the present and future assets of the Company as they may be from time to time. The Company also agreed not to sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of its assets. The Company has met all the aforementioned financial covenants. The remaining balance of the loan amounted to US$1.5 million as of June 30, 2019, which is fully covered by the Company's cash balance.

The obligations of Nova, Alma's recently acquired subsidiary, pursuant to Nova's bank credit facility, stood at a total amount US$1.1 million as of June 30, 2019.

Nova's credit facility is secured by a pledge to the banks all of the unpaid share capital of Nova and a floating charge over all of the present and future assets of Nova as they may be from time to time.

6. Cash Flow

Sisram is using its cash primarily for operating activities, payments of interest and principals of debts due, capital expenditures and funding growth and expansion of its business.

The table below shows the cash flow of the Group generated from (or used in) operating activities, investing activities and financing activities for the Reporting Period and the corresponding period of 2018.

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
Net cash flows from operating activities	**8,570**	3,054
Net cash flows from/(used in) investing activities	**46,632**	(4,400)
Net cash flows used in financing activities	**(2,479)**	(10,416)
Net increase/(decrease) in cash and cash equivalents	**52,723**	(11,762)
Cash and cash equivalents at the beginning of the period	**33,840**	38,081
Effect of foreign exchange rate changes, net	**147**	1,041
Cash and cash equivalents at the end of the period	**86,710**	27,360
Cash and cash equivalents	**86,710**	27,360
Pledged bank balances for long term bank loans	**58**	55
Term deposits with original maturity of more than three months	**16,000**	71,016
Cash and bank balance at the end of the period	**102,768**	98,431

7. Capital Commitments and Capital Expenditures

During the Reporting Period, capital expenditures of the Group amounted to US$1.3 million, which mainly consisted of additions to the plant facility and ERP Costs.

As of June 30, 2019, the Group did not have any significant capital commitments.

8. Contingent Liabilities

As of June 30, 2019, the Group did not have any contingent liabilities.

9. Material Acquisition and Disposal

On January 15,2019, Alma, a subsidiary of the Group, acquired 60% equity interests in Nova at a consideration of US$7,884,000. The acquisition was undertaken to further strengthen the Group's distribution abilities in Israel.

Save as disclosed above, during the Reporting Period, the Group did not conduct any material acquisition or disposal.

10. Significant investments held and future plans for material investments and capital assets

Save for those disclosed in this interim report, there were no other significant investments held as at June 30, 2019. The Group did not have other plans for material investments and capital assets.

11. Risk management

A. Foreign Currency Exposure

The functional currency of the Group is the U.S. dollar and most of the sales proceeds are denominated in U.S. dollars. However, the Company also generates revenue globally in a few other currencies, particularly Euros, and incurs costs mostly in New Israeli Shekels. Furthermore, the functional currencies of certain overseas subsidiaries are currencies other than the U.S. dollar, including the Euro, the Indian Rupee and the Hong Kong dollar. As at the end of the Reporting Period, the assets and liabilities of these entities were translated into the U.S. dollar at the exchange rates prevailing at the end of the Reporting Period and their statements of profit or loss were translated into the U.S. dollar at the weighted average exchange rates for the period. As such the Group's results of operations are sensitive to changes in foreign currency exchange rates.

The Company has formally established a hedging management framework in 2014 and the hedging transactions are mainly managed by the Company's finance department. By analyzing the currency balance sheet and trends in the foreign exchange markets, the Company has entered into forward contracts from time to time to mitigate the adverse effects of exchange rate fluctuations.

B. Interest Rate Exposure

It is the Group's strategy to use debts with fixed and floating interest rates to manage its interest costs. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

12. Employees and remuneration policies

The following table sets forth the number of our employees by function as at June 30, 2019:

Function	Number of Employees
Operations	169
Research and Development	63
Sales & Marketing	179
General and Administration	38
Total	449

The employees' remuneration includes basic salary and a performance-based salary. The performance-based salary is determined by reference to the performance appraisal of the employees of the Group. Through clearly locating position-oriented performance targets and formulating performance standards, the Company has managed to assess employees' performance in an objective manner and implement the reward and penalty policy relating to the employees' performance.

Interim Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
REVENUE	4	**85,432**	78,155
Cost of sales		**(36,460)**	(36,296)
Gross profit		**48,972**	41,859
Other income and gains		**1,438**	897
Selling and distribution expenses		**(20,122)**	(15,830)
Administrative expenses		**(7,586)**	(6,805)
Research and development expenses		**(4,944)**	(4,876)
Other expenses		**(1,674)**	(1,077)
Finance costs		**(511)**	(526)
PROFIT BEFORE TAX	5	**15,573**	13,642
Income tax expense	6	**(1,708)**	(2,388)
PROFIT FOR THE PERIOD		**13,865**	11,254
Attributable to:			
Owners of the parent		**13,209**	11,254
Non-controlling interests		**656**	—
		13,865	11,254
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For profit for the period (US cents)	8	**2.99**	2.55

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
PROFIT FOR THE PERIOD	**13,865**	11,254
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**179**	(479)
Effective portion of changes in fair value of hedging instruments arising during the period	**78**	(65)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**257**	(544)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**257**	(544)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**14,122**	10,710
Attributable to:		
Owners of the parent	**13,466**	10,710
Non-controlling interests	**656**	—
	14,122	10,710

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	9	**4,151**	2,716
Right-of-use assets		**8,423**	—
Goodwill		**111,183**	108,351
Other intangible assets		**61,368**	59,089
Deferred tax assets		**4,654**	4,451
Other non-current assets		**77**	61
Total non-current assets		**189,856**	174,668
CURRENT ASSETS			
Inventories		**33,073**	27,520
Trade receivables	10	**53,033**	36,490
Prepayments, other receivables and other assets		**4,133**	3,205
Tax receivables		**3,720**	3,543
Derivative financial instruments		**168**	119
Cash and bank balances		**102,768**	104,530
Total current assets		**196,895**	175,407
CURRENT LIABILITIES			
Contract liabilities		**2,862**	2,216
Trade payables	11	**12,838**	6,947
Other payables and accruals		**20,467**	12,840
Interest-bearing bank and other borrowings		**5,237**	2,171
Total current liabilities		**41,404**	24,174
NET CURRENT ASSETS		**155,491**	151,233
TOTAL ASSETS LESS CURRENT LIABILITIES		**345,347**	325,901
NON-CURRENT LIABILITIES			
Contract liabilities		**276**	423
Interest-bearing bank and other borrowings		**6,381**	—
Deferred tax liabilities		**11,091**	10,082
Other long-term liabilities		**7,725**	1,296
Total non-current liabilities		**25,473**	11,801
NET ASSETS		**319,874**	314,100

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
EQUITY		
Equity attributable to owners of the parent		
Share capital	**1,254**	1,254
Reserves	**318,620**	312,846
Total equity	**319,874**	314,100

Interim Condensed Consolidated Statement of Changes In Equity

	Attributable to owners of the parent								
	Share capital US$'000 (Unaudited)	Share premium* US$'000 (Unaudited)	Other reserve* US$'000 (Unaudited)	Cashflow hedge reserves* US$'000 (Unaudited)	Exchange fluctuation reserve* US$'000 (Unaudited)	Retained earnings* US$'000 (Unaudited)	Total US$'000 (Unaudited)	Non-controlling interests US$'000 (Unaudited)	Total equity US$'000 (Unaudited)
At January 1, 2019	**1,254**	**240,766**	**17,580**	**(78)**	**(571)**	**55,149**	**314,100**	**—**	**314,100**
Profit for the period	—	—	—	—	—	**13,209**	**13,209**	**656**	**13,865**
Other comprehensive income for the period:									
Effective portion of changes in fair value of hedging instruments arising during the period	—	—	—	**78**	—	—	**78**	—	**78**
Exchange differences on translation of foreign operations	—	—	—	—	**179**	—	**179**	—	**179**
Total comprehensive income for the period	—	—	—	**78**	**179**	**13,209**	**13,466**	**656**	**14,122**
Acquisition of a subsidiary	—	—	—	—	—	—	—	**3,368**	**3,368**
Dividend declared	—	—	—	—	—	**(5,632)**	**(5,632)**	—	**(5,632)**
Reclassification of non-controlling interests of a subsidiary embedded with put options	—	—	—	—	—	—	—	**(4,024)**	**(4,024)**
Fair value adjustment on non-controlling interests of a subsidiary embedded with put options	—	—	**(2,060)**	—	—	—	**(2,060)**	—	**(2,060)**
At June 30, 2019	**1,254**	**240,766**	**15,520**	**—**	**(392)**	**62,726**	**319,874**	**—**	**319,874**

* These reserve accounts comprise the consolidated other reserves of US$318,620,000 (December 31, 2018: US$312,846,000) in the consolidated statement of financial position.

	Attributable to owners of the parent						
	Share capital US$'000 (Unaudited)	Share premium* US$'000 (Unaudited)	Other reserve* US$'000 (Unaudited)	Cashflow hedge reserves* US$'000 (Unaudited)	Exchange fluctuation reserve* US$'000 (Unaudited)	Retained earnings* US$'000 (Unaudited)	Total US$'000 (Unaudited)
At January 1, 2018	1,254	240,766	17,530	13	30	33,383	292,976
Profit for the period	—	—	—	—	—	11,254	11,254
Other comprehensive income for the period:							
Effective portion of changes in fair value of hedging instruments arising during the period	—	—	—	(65)	—	—	(65)
Exchange differences on translation of foreign operations	—	—	—	—	(479)	—	(479)
Total comprehensive income for the period	—	—	—	(65)	(479)	11,254	10,710
Excess of tax deduction for former share-based payment of a subsidiary	—	—	50	—	—	—	50
At June 30, 2018	1,254	240,766	17,580	(52)	(449)	44,637	303,736

* These reserve accounts comprise the consolidated other reserves of US$302,482,000 (December 31, 2017: US$291,722,000) in the consolidated statement of financial position.

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**10,842**	6,099
Income tax paid	**(2,272)**	(3,045)
Net cash flows from operating activities	**8,570**	3,054
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**986**	857
Purchases of items of plant and equipment	**(1,326)**	(241)
Acquisition of a subsidiary	**(7,648)**	—
Decrease/(increase) in term deposits with original maturity of more than three months	**54,620**	(5,016)
Net cash flows from/(used in) investing activities	**46,632**	(4,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses	**—**	(7,361)
Repayment of bank loans	**(764)**	(2,160)
Interest paid	**(284)**	(579)
Principal portion lease payments	**(1,762)**	—
Proceeds from/(payment to) settlement of foreign currency forward contracts	**331**	(316)
Net cash flows used in financing activities	**(2,479)**	(10,416)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**52,723**	(11,762)
Cash and cash equivalents at beginning of period	**33,840**	38,081
Effect of foreign exchange rate changes, net	**147**	1,041
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**86,710**	27,360
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statements of cash flows	**86,710**	27,360
Pledged bank balances for long-term bank loans	**58**	55
Term deposits with original maturity of more than three months	**16,000**	71,016
Cash and bank balances as stated in the consolidated statements of financial position	**102,768**	98,431

1. CORPORATE INFORMATION

Sisram Medical Ltd (the "**Company**" or "**Sisram**") is a limited liability company incorporated under the laws of the State of Israel on April 25, 2013. The registered office of the Company is located at 14 Halamish Street, Caesarea Industrial Park, Caesarea 38900, Israel.

The Company is an investment holding company. The Company's subsidiaries (together with the Company, the "**Group**") were mainly involved in the design, development, manufacture and sale of energy-based aesthetic medical and minimally invasive treatment systems.

The shares of the Company were listed on the Main Board of the Stock Exchange on September 19, 2017 (the "**Listing**").

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended June 30, 2019 (the "**Reporting Period**") has been prepared in accordance with IAS 34 *Interim Financial Reporting* approved by the International Accounting Standards Board. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018.

The interim condensed consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of the new and revised International Financial Reporting Standards ("**IFRSs**") effective as of January 1, 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Other than as explained below regarding the impact of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the adoption of these new and revised standards has no significant financial effect on the Group's interim condensed consolidated financial information.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) Adoption of IFRS 16

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at January 1, 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognize and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for leases of short-term leases (elected by class of underlying asset). The Group has elected not to recognize right-of-use assets and lease liabilities for leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at January 1, 2019 were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at January 1, 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognized in the statement of financial position immediately before January 1, 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) Adoption of IFRS 16 *(Continued)*

As a lessee – Leases previously classified as operating leases *(Continued)*

Impacts on transition (continued)

The Group has used the following elective practical expedients when applying IFRS 16 at January 1, 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

The impacts arising from the adoption of IFRS 16 as at January 1, 2019 are as follows:

	Increase/(decrease) US$'000 (Unaudited)
Assets	
Increase in right-of-use assets	9,085
Liabilities	
Increase in lease liabilities included in interest-bearing bank and other borrowings	9,085

The lease liabilities as at January 1, 2019 reconciled to the operating lease commitments as at December 31, 2018 is as follows:

	US$'000 (Unaudited)
Operating lease commitments as at December 31, 2018	9,389
Weighted average incremental borrowing rate as at January 1, 2019	(154)
Discounted operating lease commitments as at January 1, 2019	9,235
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before December 31, 2019	(193)
Add: Payments for optional extension periods not recognized as at December 31, 2018	43
Lease liabilities as at January 1, 2019	9,085

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) Adoption of IFRS 16 *(Continued)*

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended December 31, 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from January 1, 2019:

Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease plant and equipment for additional terms of three to six years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create `an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(a) Adoption of IFRS 16 *(Continued)*

Amounts recognized in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets			
	Plant US$'000 (Unaudited)	Motor vehicles US$'000 (Unaudited)	Total US$'000 (Unaudited)	Lease liabilities US$'000 (Unaudited)
As at January 1, 2019	7,425	1,660	9,085	9,085
Additions	267	498	765	765
Depreciation charge	(1,100)	(362)	(1,462)	—
Interest expense	—	—	—	176
Payments	—	—	—	(1,762)
Exchange realignment	12	23	35	398
As at June 30, 2019	6,604	1,819	8,423	8,662

(b) Adoption of IFRIC 23

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the design, development, manufacture and sale of energy-based aesthetic medical and minimally invasive treatment systems. Therefore, no analysis by operating segment is presented.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Revenue from contracts with customers		
Sale of goods	**77,297**	72,002
Services provided	**8,135**	6,153
	85,432	78,155

Disaggregated revenue information for revenue from contracts with customers

	Six months ended June 30, 2019 US$'000 (Unaudited)	2018 US$'000 (Unaudited)
Types of goods or services		
Sale of goods	**77,297**	72,002
Services provided	**8,135**	6,153
Total revenue from contracts with customers	**85,432**	78,155
Timing of revenue recognition		
Goods transferred at a point in time	**77,297**	72,002
Services transferred over time	**8,135**	6,153
Total revenue from contracts with customers	**85,432**	78,155

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging:

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**25,366**	25,366
Cost of services and others	**11,094**	10,930
Provision for impairment of inventories	**637**	322
Impairment of trade receivables	**575**	319
Foreign exchange differences, net	**7**	436

6. INCOME TAX

The Israeli corporate tax rates applicable to the Company were 23.0% for the six months ended June 30, 2018 and 2019. Each entity in the group is taxable based on its standalone results as measured by the local tax system.

No income tax has been provided for the Company itself as there was no assessable profit earned by the Company for the Reporting Period. Taxes on taxable income assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Nova Medical Israel Ltd. ("**Nova**") is taxed based upon the tax law in Israel, the country of residence. Income was taxed at corporate income tax rate of 23.0% for the six months ended June 30, 2018 and 2019.

Alma Lasers Ltd., the major operating subsidiary of the Company, was granted the status of "Preferred Enterprise" under the Law for the Encouragement of Capital Investments, 1959 (as amended in 2011, the "2011 Amendment of the Investment Law") and therefore enjoyed a preferential corporate tax rate of 16% during the Reporting Period.

In December 2016, the Israeli Knesset passed Amendment 73 to the Investment Law, which included a number of changes to the Investments Law regime. Certain changes were scheduled to come into effect beginning January 1, 2017, provided that regulations are promulgated by the Finance Ministry to implement the "Nexus Principles" based on OECD guidelines recently published as part of the Base Erosion and Profit Shifting ("BEPS") project. The regulations were approved in May 2017 and accordingly, have come into effect.

Applicable benefits under the new regime include:

Introduction of a benefit regime for "Preferred Technology Enterprises", granting a 12% tax rate in central Israel and a 7.5% tax rate in special areas – on income deriving from Intellectual Property, subject to a number of conditions being fulfilled, including a minimal amount or ratio of annual R&D expenditure and R&D employees, as well as having at least 25% of annual income derived from exports. Technological Preferred Enterprise is defined as an enterprise which meets the aforementioned conditions and for which total consolidated revenues of its parent company and all subsidiaries are less than NIS10 billion. In cases where the parent company and all subsidiaries have more than NIS10 billion of consolidated revenues, the tax rate will be 6% in all of Israel regions.

A Special Preferred Technological Enterprise ("**SPTE**") – where the parent company total revenues are more than NIS10 billion in the tax year, its preferred income will be subject to a tax rate of 6%, regardless of the geographical location of the enterprise. On December 4, 2018, the Company received a ruling from the Israeli Income Tax Authority, which grants the Company the SPTE status, in accordance with the law criteria mentioned above and the conditions mentioned in the ruling, effective January 1, 2017.

6. INCOME TAX (Continued)

The following applies to SPTE:

- A 6% capital gains tax rate on the sale of a preferred intangible asset to a foreign affiliated enterprise, in accordance with the criteria mentioned in the law.
- A withholding tax rate of 20% for dividends paid from Preferred Technology Enterprise income (with an exemption from such withholding tax applying to dividends paid to an Israeli company).

As of June 30, 2019, Alma Lasers Ltd. enjoyed a preferential new effective tax rate of 8.44%, for being a SPTE for the period ended June 30, 2019.

The U.S. Tax Cuts and Jobs Act of 2017 ("**TCJA**") was approved by the U.S. Congress on December 20, 2017 and signed into law by the U.S. President Donald J. Trump on December 22, 2017. This legislation has made complex and significant changes to the U.S. Internal Revenue Code. Such changes include a reduction in the corporate tax rate and limitations on certain corporate deductions and credits, among other changes. The changes include, but are not limited to:

Rate Reduction

The TCJA reduces the U.S. federal corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2018. In addition, the TCJA has made certain changes to the depreciation rules and was implemented new limits on the deductibility of certain expenses and deduction.

The income of the Alma Lasers GmbH, a subsidiary incorporated in Germany, is taxed based upon the tax law in Germany, the country of residence. Income was taxed at a flat corporate income tax rate of 15% during the Reporting Period and was also subject to additional trade income taxes of 16.35% as applicable.

The income of the Alma Lasers AT GmbH, a subsidiary incorporated in Austria, is taxed based upon the tax law in Austria, the country of residence. Income was taxed at a flat corporate income tax rate of 25% during the Reporting Period and was also subject to additional trade income taxes as applicable.

The income of Alma Medical Private Limited, a subsidiary incorporated in India, is taxed based upon the tax law in India, the country of residence. Income was taxed at a corporate income tax rate of 27.8% during the Reporting Period (which was not a flat rate but included many deductions/exemptions/rebates as per Income tax Act 1961) and was also subject to withholding taxes as per provisions of the said Income tax act 1961.

The income of the Alma Medical HK Ltd., a subsidiary incorporated in Hong Kong, is taxed based upon the tax law in Hong Kong, the country of residence. Income was taxed at a flat corporate income tax rate of 8.25% during the Reporting Period.

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current	**1,260**	3,055
Deferred	**448**	(667)
Total tax charge for the period	**1,708**	2,388

7. DIVIDENDS

The Directors did not recommend the payment of an interim dividend in respect of the Reporting Period (six months period ended June 30, 2018: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the six months ended June 30, 2019 and 2018 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 442,155,600 (six months ended June 30, 2018: 442,155,600) in issue during the period.

The calculation of basic earnings per share is based on:

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**13,209**	11,254

	Six months ended June 30,	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**442,155,600**	442,155,600

No adjustment has been made to the basic earnings per share presented for the six months ended June 30, 2018 and 2019 as the Group had no potentially dilutive ordinary shares in issue during those periods.

9. PLANT AND EQUIPMENT

During the six months ended June 30, 2019, the Group acquired plant and equipment with a cost of US$1,326,000 (six months ended June 30, 2018: US$322,000).

During the six months ended June 30, 2019, the Group acquired plant and equipment through a business combination of US$683,000 (six months ended June 30, 2018: Nil).

During the six months ended June 30, 2019, depreciation for plant and equipment was US$574,000 (six months ended June 30, 2018: US$436,000).

10. TRADE RECEIVABLES

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Trade receivables	**53,749**	37,877
Impairment	**(716)**	(1,387)
	53,033	36,490

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of provisions, is as follows:

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Within 1 month	**27,026**	12,302
1 to 2 months	**6,031**	5,168
2 to 3 months	**2,942**	3,775
Over 3 months	**17,034**	15,245
	53,033	36,490

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of Reporting Period, based on the invoice date, is as follows:

	As at June 30, 2019 US$'000 (Unaudited)	As at December 31, 2018 US$'000 (Audited)
Within 1 month	**10,501**	5,361
1 to 2 months	**2,337**	1,468
2 to 3 months	—	118
	12,838	6,947

12. BUSINESS COMBINATION

On January 15, 2019, Alma, a subsidiary of the Company, acquired 60% equity interest in Nova at a consideration of US$7,884,000. The acquisition was undertaken to consolidate its distribution operation and gain more market opportunities in Israel.

The fair values of the identifiable assets and liabilities of Nova as at the date of acquisition were as follows:

	Fair value recognized on acquisition US$'000 (Unaudited)
Plant and equipment	683
Other intangible assets	4,991
Deferred income taxes	24
Inventories	1,775
Trade receivables	6,658
Prepayments, deposits and other receivables	486
Cash and bank balances	197
Contract liabilities	(452)
Trade payables	(2,102)
Other payables and accruals	(1,467)
Interest-bearing bank and other borrowings	(1,095)
Deferred tax liabilities	(1,278)
Total identifiable net assets at fair value	8,420

	US$'000 (Unaudited)
Total identifiable net assets at fair value	8,420
Non-controlling interests	(3,368)
	5,052
Goodwill on acquisition	2,832
	7,884
Satisfied by:	
Cash consideration paid	7,845
Cash consideration payable	39
	7,884

The fair value of the acquired trade receivables and other receivables as at the date of acquisition approximate to their gross contractual amounts. None of these receivables are expected to be uncollectible.

None of the goodwill recognized is expected to be deductible for income tax purposes.

The assessments of the fair values of the identifiable assets and liabilities of the subsidiaries acquired are still undergoing, and the information of the fair values of the identifiable assets and liabilities are provisional at the date of the approval of this interim condensed consolidated financial statements.

13. COMMITMENTS

The Group did not have any significant capital commitments as at the end of the Reporting Period.

14. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had no transaction with its related parties during the Reporting Period.

(b) Compensation of key management personnel of the Group:

	Six months ended June 30,	
	2019	2018
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	**298**	426
Listing bonus	—	53
Performance related bonuses	**150**	—
Total compensation paid to key management personnel	**448**	479

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 2019 and December 31, 2018, the fair values of the Group's financial assets or financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the Reporting Period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of interest-bearing bank and other borrowings and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank borrowings as at the end of the Reporting Period was assessed to be insignificant.

The Group enters into derivative financial instruments with The Hongkong and Shanghai Banking Corporation Limited. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at June 30, 2019 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Foreign exchange forward contracts	—	168	—	168

As at December 31, 2018 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Foreign exchange forward contracts	—	119	—	119

During the Reporting Period, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on August 20, 2019.

Results and Dividends

The Group's profit for the six months ended June 30, 2019 and the state of affairs of the Group as at June 30, 2019 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 17 to 35.

The Board has not recommended the distribution of any interim dividend for the Reporting Period.

The Global Offering

On September 19, 2017, the shares of the Company were listed on the Main Board of the Stock Exchange. The Global Offering of the Shares comprises the Hong Kong public offering of initially 11,000,000 Shares and the international offering (including the preferential offering) of initially 99,000,000 Shares (subject to, in each case, reallocation and the over-allotment option granted by the Company).

Use of Proceeds from the Global Offering

Total net proceeds from the Global Offering amounted to approximately HK$771.3 million. As at the end of the Reporting Period, approximately HK$291.97 million has been used in accordance with the plan disclosed in the Prospectus of the Company (as adjusted in accordance with the announcement issued by the Company on October 8, 2018). Details of the use of proceeds are set out below:

Intended use of proceeds as set out in the Prospectus		Intended amount to be used as set out in the Prospectus	Amounts not utilized as at December 31, 2018 (HK$ million)	Amounts utilized during the period from January 1, 2019 to June 30, 2019 (HK$ million)	Actual amounts utilized up to June 30, 2019 (HK$ million)	Amounts not yet utilized as at June 30, 2019 (HK$ million)
(a) expanding sales channels and distribution network and intensify marketing efforts						
	Expanding sales channels in the United States, Germany and India and distribution network globally	approximately 11.2% (HK$86.39 million)	53.42	3.84	36.81	49.58
	Invest in global digital marketing	approximately 3.7% (HK$28.54 million)	26.02	0.54	3.05	25.48
	Develop analytics capabilities	approximately 3.7% (HK$28.54 million)	28.08	0.53	0.99	27.55
(b) capital investments						
	Upgrade existing or establish new service centers in direct sales markets	approximately 4.2% (HK$32.78 million)	32.71	0.12	0.19	32.59
	Upgrade and remap production lines	approximately 4.7% (HK$35.90 million)	34.79	1.41	2.52	33.38
	Optimize and update information technology systems and infrastructure	approximately 4.7% (HK$35.90 million)	35.50	0.93	1.33	34.57

Intended use of proceeds as set out in the Prospectus		Intended amount to be used as set out in the Prospectus	Amounts not utilized as at December 31, 2018 (HK$ million)	Amounts utilized during the period from January 1, 2019 to June 30, 2019 (HK$ million)	Actual amounts utilized up to June 30, 2019 (HK$ million)	Amounts not yet utilized as at June 30, 2019 (HK$ million)
(c) research and development activities						
	Develop and expand minimally invasive product line	approximately 4.7% (HK$35.90 million)	35.90	—	—	35.90
	Increase the funding for clinical studies in the United States	approximately 4.7% (HK$35.90 million)	35.51	—	0.39	35.51
	Bolster regulatory capabilities	approximately 4.7% (HK$35.90 million)	29.27	2.49	9.12	26.78
(d) repay the buy-out loan from Fosun Industrial		approximately 9.3% (HK$71.74 million)	—	—	—	—
(e) strategic acquisition, enter into strategic partnerships and other business development		approximately 29.5% (HK$227.53 million)	227.41	54.20	54.32	173.21
(f) supplement working capital and other general corporate purpose		approximately 10.0% (HK$77.13 million)	4.42	—	72.71	4.42
(g) repay a loan with HSBC Bank Plc, Israel Discount Bank Ltd. and Mizrahi Tefahot Bank Ltd.		approximately 5.1% (HK$39.15 million)	—	—	39.15	—

Share Capital

As at the date of this interim report, the authorised share capital of the Company is NIS10,000,000, comprising 1,000,000,000 Shares of NIS0.01 each, among which, 442,155,600 Shares are issued and fully paid.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued Shares as at the date of this interim report.

Purchase, Sale or Redemption of Listed Securities by the Company

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

As at June 30, 2019, the interest and/or short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director	The company in which the interests are held	The class of shares	Capacity and nature	Number of shares held	Percentage of shareholding in the relevant class of shares
Lior Moshe DAYAN	Company	Ordinary Shares	Beneficial owner (Personal)	36,000	0.01%
Yifang WU	Fosun Pharma	H shares	Beneficial owner (Personal)	342,000	0.06%
		A shares	Beneficial owner (Personal)	718,900	0.04%
Yao WANG	Fosun Pharma	A shares	Beneficial owner (Personal)	50,000	0.002%

Save as disclosed in the foregoing, as at June 30, 2019, none of the Directors or chief executives of the Company or their respective close associates had any interests or short positions in any shares, underlying shares, or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

During the Reporting Period, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in any other body corporate.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at June 30, 2019, the following persons (other than the Director or chief executive of the Company) had the following interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of Part XV of the SFO:

Name of Shareholders	Capacity	Number of Shares Held or Interested	Approximate Percentage (%)
Chindex Medical Limited ("**CML**")	Legal and beneficial interest	127,318,640 (L)[1]	28.79%
Ample Up Limited ("**Ample Up**")[2]	Legal and beneficial interest	106,264,160 (L)	
	Interest in controlled corporation	127,318,640 (L)	
		233,582,800 (L)	52.83%
Fosun Industrial[3]	Interests in controlled corporation	233,582,800 (L)	52.83%
Fosun Pharma[4]	Interest in controlled corporation	233,582,800 (L)	52.83%
Shanghai Fosun High Technology (Group) Co., Ltd. ("**Fosun High Tech**")[5]	Interest in controlled corporation	233,582,800 (L)	52.83%
Magnificent View Investments Limited ("**Magnificent View**")	Legal and beneficial interest	96,976,000 (L)	21.93%
Pramerica-Fosun China Opportunity Fund, L.P. ("**Pramerica-Fosun Fund**")[6]	Interest in controlled corporation	96,976,000 (L)	21.93%
Fosun Equity Investment Ltd. ("**Fosun Equity Investment**")[7]	Interest in controlled corporation	96,976,000 (L)	21.93%
Fosun Industrial Holdings Limited[8]	Interest in controlled corporation	96,976,000 (L)	21.93%
Fosun International Limited ("**Fosun International**")[9]	Interest in controlled corporation	330,558,800 (L)	74.76%
Fosun Holdings Limited ("**FHL**")[10]	Interest in controlled corporation	330,558,800 (L)	74.76%
Fosun International Holdings Ltd. ("**FIHL**")[11]	Interest in controlled corporation	330,558,800 (L)	74.76%
Guangchang GUO[12]	Interest in controlled corporation	330,558,800 (L)	74.76%

Notes:

(1) (L): Long Positions

(2) CML is wholly owned by Ample Up. Ample Up is deemed to be interested in the Shares in which CML is interested as legal and beneficial owner.

(3) Ample Up is wholly owned by Fosun Industrial. Therefore, Fosun Industrial is deemed to be interested in an aggregate holding of 233,582,800 Shares which Ample Up is interested in, comprising 106,264,160 Shares held by Ample Up and 127,318,640 Shares held by CML.

(4) Fosun Industrial is wholly owned by Fosun Pharma. Therefore, Fosun Pharma is deemed to be interested in the Shares in which Fosun Industrial is deemed to be interested.

(5) Fosun High Tech controls the exercise of more than one-third of the voting rights at the general meeting of Fosun Pharma. Fosun High Tech is deemed to be interested in the Shares in which Fosun Pharma is deemed to be interested.

(6) Magnificent View is wholly owned by Pramerica-Fosun Fund. Pramerica-Fosun Fund is deemed to be interested in the Shares in which Magnificent View is interested as legal and beneficial owner.

(7) Fosun Equity Investment is the general partner of Pramerica-Fosun Fund. Fosun Equity Investment is deemed to be interested in the Shares in which Pramerica-Fosun Fund is deemed to be interested.

(8) Fosun Equity Investment is wholly owned by Fosun Industrial Holdings Limited. Fosun Industrial Holdings Limited is deemed to be interested in the Shares in which Fosun Equity Investment is deemed to be interested.

(9) Fosun High Tech and Fosun Industrial Holdings Limited are both wholly owned by Fosun International. Fosun International is deemed to be interested in the Shares in which Fosun High Tech and Fosun Industrial Holdings Limited are deemed to be interested.

(10) FHL controls the exercise of more than one-third of the voting rights at the general meeting of Fosun International. FHL is deemed to be interested in the Shares in which Fosun International is deemed to be interested.

(11) FHL is wholly owned by FIHL. FIHL is deemed to be interested in the Shares in which FHL is deemed to be interested.

(12) Guangchang GUO controls the exercise of more than one-third of the voting rights at the general meeting of FIHL. Guangchang GUO is deemed to be interested in the Shares in which FIHL is deemed to be interested.

Save as disclosed above, there is no other person known to the Directors or chief executive of the Company who, as at June 30, 2019, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Code for Securities Transactions

The Company has adopted Directors' and Chief Executive Officer's Dealing Policy which is no less exacting than the required standard pursuant to the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have fully complied with the relevant requirements set out in its own code of conduct during the Reporting Period.

Compliance with the Corporate Governance Code

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. The Board is of the view that, during the Reporting Period, the Company has been in full compliance with all code provisions of the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules.

Review of Interim Report by the Audit Committee of the Company

The Audit Committee of the Company comprised Mr. Heung Sang Addy FONG, Mr. Chi Fung Leo CHAN and Ms. Jenny CHEN, all being independent non-executive Directors. The Audit Committee of the Company has reviewed the unaudited interim results and the interim report of the Group for the six months ended June 30, 2019.

Share Option Scheme

During the Reporting Period, the Group has no share option scheme.

Directors

Executive Directors

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Lior Moshe DAYAN *(Chief Executive Officer)*
Mr. Guojun BU (步國軍) *(Chief Financial Officer)*

Non-executive Directors

Mr. Yifang WU (吳以芳)
Mr. Yao WANG (汪曜)
Ms. Yang YANG (楊陽)(1)
Ms. Kun DAI (戴昆)(2)

Independent Non-executive Directors

Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)
Mr. Kai Yu Kenneth LIU (廖啟宇)

Audit Committee

Mr. Heung Sang Addy FONG (方香生) *(Chairman)*
Mr. Chi Fung Leo CHAN (陳志峰)
Ms. Jenny CHEN (陳怡芳)

Nomination Committee

Mr. Yi LIU (劉毅) *(Chairman)*
Mr. Heung Sang Addy FONG (方香生)
Mr. Chi Fung Leo CHAN (陳志峰)

Remuneration Committee

Mr. Chi Fung Leo CHAN (陳志峰) *(Chairman)*
Mr. Yi LIU (劉毅)
Mr. Heung Sang Addy FONG (方香生)

Company Secretary

Ms. Yee Har Susan LO (盧綺霞) *(FSC (PE), FCIS)*

Notes:

(1) Ms. Yang YANG resigned as a non-executive Director on August 20, 2019.

(2) Ms. Kun DAI was appointed as a non-executive Director on August 20, 2019.

Authorized Representatives

Mr. Yi LIU (劉毅)
Ms. Yee Har Susan LO (盧綺霞)

Headquarters, Registered Office and Principal Place of Business in Israel

14 Halamish Street
Caesarea Industrial Park
Caesarea 38900
Israel

Principal Place of Business in Hong Kong

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Hopewell Centre
183 Queen's Road East
Hong Kong

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Auditors

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Hong Kong Legal Adviser

Freshfields Bruckhaus Deringer
55/F, One Island East
Taikoo Place, Quarry Bay
Hong Kong

Israeli Legal Adviser

Yigal Arnon & Co.
5 Azrieli Center
Tel-Aviv, 67025
Israel

Stock Short Name

SISRAM MED

Stock Code

01696

Company Website

www.sisram-medical.com

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

"**Acne Treatment**"	alleviating the skin disease of acne vulgaris by targeting of bacteria and cessation of oil production
"**Alma**" or "**Alma Lasers**"	Alma Lasers Ltd., a company incorporated in Israel with limited liability, a wholly-owned subsidiary of the Company
"**Audit Committee**"	the audit committee of the Board
"**Australia**"	the Commonwealth of Australia
"**Board**"	the board of Directors of the Company
"**Company**"	Sisram Medical Ltd, a company incorporated in Israel with limited liability and whose Shares are listed on the Stock Exchange
"**Director(s)**"	the director(s) of the Company
"**FDA**"	Food and Drug Administration of the United States, an agency of the U.S. Department of Health and Human Services responsible for protecting and promoting public health through the regulation and supervision of food, drugs, material devices, cosmetics and tobacco products in the United States
"**Fosun Industrial**"	Fosun Industrial Co., Limited (復星實業(香港)有限公司), a wholly-owned subsidiary of Fosun Pharma
"**Fosun Pharma**"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively
"**Global Offering**"	the global offering comprises the Hong Kong public offering of initially 11,000,000 Shares and the international offering (including the preferential offering) of initially 99,000,000 Shares (subject to, in each case, reallocation and the over-allotment option granted by the Company)
"**Group**" or "**We**" or "**Our**" or "**Us**"	the Company and its subsidiaries
"**GSM**"	the genitourinary syndrome of menopause
"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC
"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**Israel**"	the State of Israel
"**Listing Rules**"	the Rules Governing the Listing of Securities on Stock Exchange
"**MRI**"	the Magnetic Resonance Imaging
"**New Israeli Shekels**" or "**NIS**"	the official currency of the State of Israel
"**Nova**"	Nova Medical Israel Ltd., a private company organised under the laws of Israel
"**PRC**" or "**China**"	the People's Republic of China, for the purpose of this report only, excluding Hong Kong, Macau and Taiwan

"**Prospectus**"	the prospectus issued by the Company on September 5, 2017 in connection with the Hong Kong public offering and the preferential offering of the Shares
"**Reporting Period**"	the six months ended June 30, 2019
"**Share(s)**"	the share(s) in the capital of the Company
"**Skin Rejuvenation**"	treatments that diminish signs of skin damage and aging, such as wrinkles, acne scars, pigmentation changes like freckles and sunspots
"**South Korea**"	the Republic of Korea
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Stress Urinary Incontinence**" or "**SUI**"	the unintentional loss of urine caused by pressure on the bladder
"**US$**"	United States Dollars, the lawful currency of the United States
"**YOY**"	year on year