

Jayex Healthcare Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Jayex Healthcare Limited
ABN:	15 119 122 477
Reporting period:	For the period ended 31 December 2018
Previous period:	For the period ended 31 December 2017

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	down	8.4%	to		6,874
Loss from ordinary activities after tax attributable to the owners of Jayex Healthcare Limited	down	54.9%	to		(1,125)
Loss for the period attributable to the owners of Jayex Healthcare Limited	down	54.9%	to		(1,125)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,125,000 (31 December 2017: \$2,496,000).

Review of operations

Positive Overall Improvements

The Company has successfully implemented its priority activities for 2018, which included ensuring that the Company reduced its losses, continued to invest in its core healthcare capabilities, as well as invest in future leading-edge healthcare opportunities.

Further, and importantly, the Company continues to demonstrate the positive improvements from the extensive restructuring program initiated in 2017.

The key achievements include:

- Completion of the "Jayex Connect Platform" in Q4 2018 – being a critical cloud-based development in the presentation to customers of the Company's 'end-to-end' integrated healthcare technologies
- Completion of procedures for the roll-out of the Jayex Connect Platform in January 2019
- No further loan advances during 2018 under the loan agreement – reflecting continued financial improvement and closer alignment of the business operating costs with revenues, and
- Significant improvement in the margins and profitability of the Company compared to prior periods:

	2018 \$'000	2017 \$'000
EBITDA	(342)	(1,919)
EBIT	(885)	(2,437)
Loss after income tax	(1,125)	(2,496)

We are pleased that, after much effort, the Company is now well-positioned to realise on the benefits of the reconstruction program, including the rationalisation of the Company's technologies through the innovative Jayex Connect platform.

New Jayex Connect Platform

A major achievement has been the successful completion and rolling out the Jayex Connect Platform. The Connect Platform is a new and innovative cloud-based Patient Engagement platform which provides all the tools for our customers in a single, integrated easy-to-use dashboard environment.

The Connect Platform provides the Company's customers with all the online tools needed to improve the patient experience and boost patient engagement within the continuum of healthcare.

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This Platform will not only provide our customers with an enhanced and improved system from Jayex, it will also give in the coming months and years further capability, supporting better health outcomes by deploying additional capability in telehealth applications, wearable health monitoring devices, as well as deploying Artificial Intelligence know-how.

New Opportunities

The Company continues to look at new opportunities to expand the application of its existing technologies into new markets, and for complimentary technologies to enhance the breadth of our potential customers.

Jayex continues to monitor and pursue opportunities to commercialise its proprietary P2U® electronic prescription processing technology and BluePoint® remote dispensing terminal technology in respect to the prescribing, sale and distribution of legally approved medical cannabis products.

The Company has invested approximately \$350,000 in the development of technologies and, in particular the P2U® and BluePoint® technologies, to support the growing global medical cannabis market. The global medical cannabis market size in 2017 was estimated by Research and Markets to be more than US\$ 11 billion. The global market is expected by Research and Markets to grow and reach an estimated US\$ 37 billion by 2023. This is a CAGR of around 22% during 2017-2023. Jayex with its current enhanced technologies will be able to support this growing market.

The Company will also continue to look at future investments and opportunities in this growth market in 2019 and beyond.

Financial Improvements

The Company continued to benefit from the restructuring program that was initiated on the 1st June 2017 and continued into the 1st quarter of 2018. The most obvious benefit was the improvement of EBIT loss after income tax. The loss for the consolidated entity after providing for income tax amounted to \$1,125,000 (31 December 2017: \$2,496,000). In addition, no further loan advances during 2018 under the loan agreement were undertaken by the Company. This reflected continued financial improvement as well as closer alignment of the business operating costs with revenues.

The improved financial position of the Company was also assisted through the significant improvement in the margins and profitability of the customers' projects that Jayex undertook. These margin improvements are a direct result of our development program. In 2018 Jayex delivered to our customers more Jayex developed capability rather than relying on third-party capability. Our expenses related to raw materials and consumables used were reduced by \$848,000 in 2018.

Revenue for the group was down 8.4%, from \$7.503m in 2017 to \$6.874m. The reduction in revenue was primarily due to delays imposed by customers, where customer sites were not ready to accept delivery, installations and therefore invoices of Jayex ordered equipment.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.69)</u>	<u>(2.69)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

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Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

This report, and the accompanying financial statements, are based upon accounts which are in the process of being audited.

11. Attachments

Details of attachments (if any):

Unaudited summary consolidated financial statements for Jayex Healthcare Limited and its controlled entities for the period ended 31 December 2018 are attached.

12. Signed



Signed _____

Date: 28 February 2019

Jayex Healthcare Limited

ABN 15 119 122 477

Summary Financial Information - 31 December 2018

Jayex Healthcare Limited

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General information

The financial statements cover Jayex Healthcare Ltd as a consolidated entity consisting of Jayex Healthcare Limited ("the Company") and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Jayex Healthcare Limited's functional and presentation currency.

Jayex Healthcare Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Level 4
100 Albert Road
South Melbourne VIC 3205

Principal place of business

17B Cribb Street
Milton QLD 4064

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2019. The directors have the power to amend and reissue the financial statements.

Jayex Healthcare Limited
Consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2018

	Consolidated	
	2018	2017
	\$'000	\$'000
Revenue	6,874	7,503
Expenses		
Raw materials and consumables used	(1,249)	(2,097)
Employee benefits expense	(3,744)	(4,562)
Professional services expenses	(338)	(683)
Depreciation and amortisation expense	(543)	(518)
Consultancy expenses	(684)	(511)
Travel expenses	(158)	(246)
Marketing expenses	(242)	(246)
Net foreign exchange loss	(50)	(138)
Rental expense	(250)	(326)
Other expenses	(501)	(614)
Finance costs	(357)	(184)
Loss before income tax benefit	(1,242)	(2,622)
Income tax benefit	117	126
Loss after income tax benefit for the period attributable to the owners of Jayex Healthcare Limited	(1,125)	(2,496)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	13	(76)
Other comprehensive income for the period, net of tax	13	(76)
Total comprehensive income for the period attributable to the owners of Jayex Healthcare Limited	<u>(1,112)</u>	<u>(2,572)</u>
	Cents	Cents
Basic earnings per share	(0.7)	(1.6)
Diluted earnings per share	(0.7)	(1.6)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Jayex Healthcare Limited
Consolidated statement of financial position
As at 31 December 2018

	Note	Consolidated 2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		418	1,015
Trade and other receivables		1,499	1,262
Inventories		388	314
Other		57	95
Total current assets		<u>2,362</u>	<u>2,686</u>
Non-current assets			
Receivables		27	50
Property, plant and equipment		58	83
Intangibles	3	<u>9,176</u>	<u>9,293</u>
Total non-current assets		<u>9,261</u>	<u>9,426</u>
Total assets		<u>11,623</u>	<u>12,112</u>
Liabilities			
Current liabilities			
Trade and other payables		1,336	1,256
Borrowings		-	9
Employee benefits		54	77
Provisions		252	303
Other		1,534	1,600
Total current liabilities		<u>3,176</u>	<u>3,245</u>
Non-current liabilities			
Borrowings	4	3,054	2,885
Deferred tax		718	827
Total non-current liabilities		<u>3,772</u>	<u>3,712</u>
Total liabilities		<u>6,948</u>	<u>6,957</u>
Net assets		<u>4,675</u>	<u>5,155</u>
Equity			
Issued capital	5	25,996	25,420
Reserves		(1,724)	(1,793)
Accumulated losses		<u>(19,597)</u>	<u>(18,472)</u>
Total equity		<u>4,675</u>	<u>5,155</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Jayex Healthcare Limited
Consolidated statement of changes in equity
For the period ended 31 December 2018

Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Foreign exchange reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2017	24,940	446	(1,779)	(15,976)	7,631
Loss after income tax benefit for the period	-	-	-	(2,496)	(2,496)
Other comprehensive income for the period, net of tax	-	-	(76)	-	(76)
Total comprehensive income for the period	-	-	(76)	(2,496)	(2,572)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 7)	-	96	-	-	96
Exercise of options	480	(480)	-	-	-
Balance at 31 December 2017	<u>25,420</u>	<u>62</u>	<u>(1,855)</u>	<u>(18,472)</u>	<u>5,155</u>
Consolidated	Issued capital \$'000	Share-based payment reserve \$'000	Foreign exchange reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2018	25,420	62	(1,855)	(18,472)	5,155
Loss after income tax benefit for the period	-	-	-	(1,125)	(1,125)
Other comprehensive income for the period, net of tax	-	-	13	-	13
Total comprehensive income for the period	-	-	13	(1,125)	(1,112)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	514	-	-	-	514
Share-based payments (note 7)	-	118	-	-	118
Exercise of options	62	(62)	-	-	-
Balance at 31 December 2018	<u>25,996</u>	<u>118</u>	<u>(1,842)</u>	<u>(19,597)</u>	<u>4,675</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Jayex Healthcare Limited
Consolidated statement of cash flows
For the period ended 31 December 2018

	Note	Consolidated	
		2018	2017
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,832	8,789
Payments to suppliers and employees (inclusive of GST)		(8,506)	(10,991)
		(674)	(2,202)
Interest and other finance costs paid		(76)	(139)
Net cash used in operating activities		(750)	(2,341)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(17)
Payments for intangibles	3	-	(223)
Net cash used in investing activities		-	(240)
Cash flows from financing activities			
Proceeds from borrowings		170	2,955
Repayment of borrowings		-	(670)
Net cash from financing activities		170	2,285
Net decrease in cash and cash equivalents		(580)	(296)
Cash and cash equivalents at the beginning of the financial period		1,015	1,334
Effects of exchange rate changes on cash and cash equivalents		(17)	(23)
Cash and cash equivalents at the end of the financial period		<u>418</u>	<u>1,015</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Jayex Healthcare Limited
Notes to the consolidated financial statements
31 December 2018

Note 1. Significant accounting policies

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2017, the 30 June 2018 half-year financial report and any public announcements made by the Consolidated entity during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Australia and United Kingdom (UK). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), excluding capital-raising expenses and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

No changes to the policy above have occurred during the financial year.

Intersegment transactions

Intersegment transactions were made at market rates. The Australian operating segment charges a management fee to the United Kingdom operating segment. Intersegment transactions are eliminated on consolidation.

Major customers

The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Australia	1,097	1,038	320	502
United Kingdom	5,777	6,465	8,941	8,924
	<u>6,874</u>	<u>7,503</u>	<u>9,261</u>	<u>9,426</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

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Note 3. Non-current assets - intangibles

	Consolidated	
	2018	2017
	\$'000	\$'000
Goodwill - at cost	9,944	9,676
Less: Impairment	<u>(4,085)</u>	<u>(4,085)</u>
	<u>5,859</u>	<u>5,591</u>
Patents and trademarks - at cost	<u>586</u>	<u>586</u>
Software platform - at cost	1,255	1,201
Less: Accumulated amortisation - Software	<u>(685)</u>	<u>(444)</u>
	<u>570</u>	<u>757</u>
Customer relationships - at cost	3,254	3,113
Less: Accumulated amortisation - Customer relationships	<u>(1,093)</u>	<u>(754)</u>
	<u>2,161</u>	<u>2,359</u>
	<u><u>9,176</u></u>	<u><u>9,293</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Goodwill \$'000	Patents & trademarks \$'000	Software platform \$'000	Customer relationships \$'000	Total \$'000
Balance at 1 January 2017	5,539	586	740	2,643	9,508
Additions	-	-	223	-	223
Exchange differences	52	-	(5)	4	51
Amortisation expense	-	-	(201)	(288)	(489)
	<u>5,591</u>	<u>586</u>	<u>757</u>	<u>2,359</u>	<u>9,293</u>
Balance at 31 December 2017	5,591	586	757	2,359	9,293
Exchange differences	268	-	27	106	401
Amortisation expense	-	-	(214)	(304)	(518)
	<u>5,859</u>	<u>586</u>	<u>570</u>	<u>2,161</u>	<u>9,176</u>
Balance at 31 December 2018	<u><u>5,859</u></u>	<u><u>586</u></u>	<u><u>570</u></u>	<u><u>2,161</u></u>	<u><u>9,176</u></u>

In 2015 the consolidated entity acquired Jayex Technology Limited (JUK), which is based in the United Kingdom, and Appointuit Pty Ltd (Appointuit). Both of these companies operate technologies which are complementary to the technology which is the subject of the patents and therefore enhanced technology business relationships upon which to pursue discussions in key world markets. The majority of the consolidated entity's technologies were acquired through the acquisitions of JUK and Appointuit.

Patents & trademarks

The carrying value of patents & trademarks has been assessed on a fair value less costs to sell methodology. An independent valuation was obtained during the year ended 30 June 2015 which made several key assumptions about the potential sizes of the markets for the patents and trademarks, adoption rates and revenues and costs associated with transactions. The directors have re-considered the carrying value in reference to this report and believe that there have been no material changes to the assumption used that would result in impairment to the patents and trademarks.

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Note 3. Non-current assets - intangibles (continued)

Goodwill

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	Consolidated	
	2018	2017
	\$'000	\$'000
Jayex Technology (United Kingdom)	5,859	5,591

Methodology

An impairment loss expense in the profit or loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The Company determined the recoverable amounts of both the Appointuit CGU and Jayex Technology CGU using a value in use approach.

The recoverable amounts of both CGUs have been determined by valuation models that estimated the future cash flows relying on historical performance and growth, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to each particular CGU.

The discounted cash flow model used in the assessment of value in use is sensitive to a number of key assumptions, including revenue growth rates, discount rates, operating costs and foreign exchange rates. These assumptions can change over short periods of time and can have a significant impact on the carrying value of the assets.

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of Jayex Technologies and Appointuit Pty Ltd in 2015. It represented the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the Group's operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Value in use and key assumptions

The Company estimates the value-in-use of the Appointuit CGU and Jayex Technology CGU using discounted cash flows.

The calculation of value-in-use used the following assumptions:

- Discount rate - 14.75%
- Foreign exchange rate - £/\$A 0.5523
- Period over which cash flows projected - 5 years
- Growth projections - revenue increase at average rates of 5 - 5.5% per annum, based on past trends
- Expenses increase at average rates of 3.2 - 3.8% per annum, based on past trends of reducing cost base compared to revenues
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2% per annum
- The forecast growth in Year 1 is 22% and the 5-5.5% thereafter.

Impairment

Company has performed an impairment assessment based on its cash generating units (CGU), which were the Appointuit CGU and Jayex Technology CGU.

The Company determined that the recoverable amount in relation the Jayex Technology CGU exceeded its carrying value of assets as at 31 December 2018, therefore no adjustment to its carrying value was required.

Jayex Healthcare Limited
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Note 4. Non-current liabilities - borrowings

	Consolidated	
	2018	2017
	\$'000	\$'000
Borrowings - non-current	<u>3,054</u>	<u>2,885</u>

These loans have been advanced to the consolidated entity by a related party.

Note 5. Equity - issued capital

	Consolidated			
	2018	2017	2018	2017
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>167,613,024</u>	<u>153,622,874</u>	<u>25,996</u>	<u>25,420</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$'000
Balance	1 January 2017	152,122,874		24,940
Issue of shares upon exercise of options	12 January 2017	750,000	\$0.32	240
Issue of shares upon exercise of options	24 November 2017	<u>750,000</u>	<u>\$0.32</u>	<u>240</u>
Balance	31 December 2017	153,622,874		25,420
Shares issued to Directors	04 June 2018	8,740,150	\$0.02	174
Issue of shares upon exercise of options	18 June 2018	250,000	\$0.25	62
Shares issued to Consultant	13 July 2018	<u>5,000,000</u>	<u>\$0.07</u>	<u>340</u>
Balance	31 December 2018	<u>167,613,024</u>		<u>25,996</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. No external requirements have been imposed on the consolidated entity in regards to capital management.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes to what is regarded as capital nor how it is managed have occurred during the financial year.

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Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 7. Share-based payments

(a) Employee options

A share option plan (Plan) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain employees of the consolidated entity. In accordance with the Plan options were issued in 2016 for nil consideration and were granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. As the instruments issued in 2016 have a nil exercise price, they represent performance rights; these are referred to as "options" in these financial statements and the accompanying directors' report.

Set out below are summaries of options granted under the plan:

2018							
Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
02/02/2016	02/02/2019	\$0.00	250,000	-	(250,000)	-	-
			<u>250,000</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>

The options issued on 2 February 2016, and exercised during the financial year, had a nil exercise price, therefore the weighted average exercise price of options issued, exercised and outstanding at year end was nil.

2017							
Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
02/02/2016	02/02/2019	\$0.00	1,750,000	-	(1,500,000)	-	250,000
			<u>1,750,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>	<u>250,000</u>

Set out below are the rights granted to third parties as consideration for services:

Grant date	Expiry date	2018 Number	2017 Number
13/07/2018	-	15,000,000	-
		<u>15,000,000</u>	<u>-</u>

The weighted average share price during the financial period was \$0.0246 (2017: \$0.024).

(b) Performance Rights

The Consolidated entity on 6 July 2018 signed a legally binding term sheet by which it has engaged Mr Ross Smith as a global consultant to advise the Company on the commercialisation of its P2U®, and BluePoint® technologies for medical cannabis distribution in association with MediCann in New Zealand, and in respect to similar opportunities in Canada, certain states in the United States and potentially the United Kingdom and Australia.

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31 December 2018

Note 7. Share-based payments (continued)

Under the binding term sheet and the formal consulting agreement, Mr Smith is entitled to receive:

- an annual consulting fee of \$250,000 payable by the Company;
- 5 million ordinary shares upon signing the term sheet; and
- three tranches of performance rights which are subject to vesting conditions based on the implementation of the Licence Agreement and the development of the Company's medical cannabis distribution technology business.

Set out below are summaries of Rights granted to Mr Ross Smith:

2018		Exercise price**	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Expiry date*						
13/07/2018	-	-	-	15,000,000	-	-	15,000,000

An amount of \$118,000 was recognised as an expense for the Rights during the current financial year.

* The Rights do not have an expiry date attached to them, however the valuation report noted that they can be terminated subject to the relevant termination event clauses in the holder's consulting agreement. They have assumed a three-year expiry period based on advice from Management.

** The Rights do not have an exercise price.