

Jayex Healthcare Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Jayex Healthcare Limited
ABN: 15 119 122 477
Reporting period: For the half-year ended 30 June 2019
Previous period: For the half-year ended 30 June 2018

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	3.2% to	4,066
Loss from ordinary activities after tax attributable to the owners of Jayex Healthcare Limited	up	76.7% to	(532)
Loss for the half-year attributable to the owners of Jayex Healthcare Limited	up	76.7% to	(532)

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 \$532,000 (30 June 2018: \$301,000).

For a brief explanation of the any of the figures reported above, please refer to the financial report for the half-year ended 30 June 2019 released with this document.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.72)</u>	<u>(2.52)</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.

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):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Financial Report for the half-year ended.

11. Attachments

Details of attachments (if any):

The Financial Report for the half-year ended of Jayex Healthcare Limited for the half-year ended 30 June 2019 is attached.

12. Signed



Signed _____

Date: 29 August 2019

Michael Boyd
Chairman

Jayex Healthcare Limited

ABN 15 119 122 477

Financial Report for the half-year ended - 30 June 2019

Jayex Healthcare Limited
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jayex Healthcare Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

Directors

The following persons were directors of Jayex Healthcare Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Boyd (Chairman)
Brian Renwick
Agam Jain
Michael Chan

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$532,000 (30 June 2018: \$301,000).

Positive Overall Improvements

The Company has successfully implemented its priority activities for 2019 and 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:

- Acute sales up 244% on the same period last year (H1 2019 \$577,865 / H1 2018 \$168,014)
- Jayex Partners with Microtech to offer Telehealth solutions in England, Wales, Australia and New Zealand
- New Zealand sales up 480% on same period last year
- Construction and fit-out of Medical Cannabis research facility in Papamoa, New Zealand set for completion 19 July 2019
- Jayex Connect platform roll-out with 649 customers now using the new platform
- Significant improvement in the margins and profitability of the Company compared to prior periods.

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.

Half Year Performance Summary

In February 2019, Jayex Australia deployed their patient engagement and queue management systems (QMS) at the cohealth Health Centre Footscray, Victoria. This included the Self-check-in systems, patient workflow management, and patient calling and engagement solutions improving patient flow and staff efficiency.

Western Health awarded Jayex Australia their second contract to deploy patient management solutions in the new Joan Kirner Women's and Children's Hospital that launched in May 2019. Jayex is providing the new hospital with a Queue Management System (QMS) that improves patient access to Outpatient Services (OPS) by streamlining how patients present for their appointments. This includes the installation of 6 Touch Screen Self-Check-In Kiosks which include ticketing functionality, and 7 Queuing Display Screens that can be used to convey messages and call patients waiting for appointments.

In March 2019, Jayex won a contract to supply the Jayex Patient Check-in solution at the University Hospital Lewisham in London. The Enlighten patient management system was chosen to manage and minimise the time patients spend queuing and registering for their appointment. The Jayex solution will be deployed across a number of outpatient departments. Key features of the Enlighten Patient Check-in system at the University Hospital Lewisham will include 22 Self-check kiosk systems and Jayex's Patient workflow management system.

New Opportunities

The Irish Government approved the development of a new children's hospital, to be co-located with St James's Hospital, which will be governed and managed by its own governing body and will bring together the services of three existing children's hospitals; Our Lady's Children's Hospital, Crumlin (OLCHC), Temple Street Children's University Hospital (TSCUH) and The paediatric services at Tallaght Hospital (AMNCH).

Jayex Healthcare Limited
Directors' report
30 June 2019

The new children's hospital will be supported by two Paediatric Outpatient Department and Urgent Care Centres, on the grounds of Tallaght Hospital (2020) and Connolly Hospital (2019).

When the new children's hospital opens in 2022 it will have a main campus alongside St. James's Hospital and two supporting Paediatric Outpatients and Urgent Care Centres (POPDUCC's) at Connolly (2019) and Tallaght (2020) hospitals, providing Ambulatory & Urgent Care Services for children in the greater Dublin region.

A key part of the CHG digital hospital vision involves automated patient registration and calling, for which Jayex, in March 2019, was selected to deliver this solution.

This solution will not just meet the needs of the Connolly POPDUCC, but can also be scalable to meet the needs of the wider group across additional sites when required. Initially the system will be used for the outpatient department (two clinics initially in orthopaedic and general paediatrics with 2 Self-service kiosks & 4 calling screens). The Jayex system is scalable to include additional clinics and departments if required.

Jayex has been awarded the patient arrivals, engagement & call contract for the new Alfred Barrow Health and Wellbeing building in Barrow-in-Furness, Cumbria, due to open late 2019. The state-of-the art project will provide Primary and Community services to the public of the Barrow-in-Furness area and includes three individual GP Practices and provides accommodation for a number of community and secondary care services. Jayex was chosen, after a lengthy consultation and bidding process, to provide a "one size fits all" solution to allow patients with a booked appointment to access any one of the four electronic touch screen kiosks to "Self-Check-in" to the building advising where the patient should wait & instantly advise their service providers that the patient has arrived.

Jayex signed a distribution agreement on the 3 June 2019 with Microtech to distribute SurgeryPods in England, Wales, Australia and New Zealand. SurgeryPod is a user-friendly system designed to aid patients and clinicians to collect data and monitor physical health and psychological information. This is achieved via the measurement of vital signs and the use of validated health questionnaires. It is generally installed in the practice and hospital waiting rooms, so can be used without appointments. SurgeryPod significantly cuts down on waiting times for patient pre-assessment checks.

New Zealand Success

This year, Jayex has seen a lot of success in the New Zealand market, with a rapid increase in Practices using our queue management systems. Jayex is now working with additional Practice Management Systems (PMS) on integrations, and are due to start integrations with Jayex Arrive and Indici in August.

The construction and fit-out of the Company's wholly-owned subsidiary, Whakaora Hou Limited (WHL) special purpose medical cannabis research facility located at Papamoa on the north island of New Zealand research facility has been successfully completed (19 July 2019). The New Zealand Ministry of Health (MOH) have inspected the completed facility (19 July 2019) and WHL has been informed by the MOH that research licences will be granted shortly.

The granting of the research licences will allow WHL to conduct the pre-commercial cultivation of medical cannabis, cultivar yield, stability and productivity testing. This is a very pleasing result and reflects on the substantial efforts of the Group's personnel and advisors to complete this important first step toward commercial cultivation of medical cannabis in New Zealand. The NZ Government has announced that the commercial medical cannabis cultivation regulations will come into law in December, and will be followed in early 2020 by the issue of commercial cultivation licences. WHL will apply for a commercial licence at the appropriate time.

New Jayex Connect Platform Rollout

As of the end of June 2019, the new cloud based Jayex Connect platform had 649 active customers using it, with 770 Jayex Display media customers connected to it. In June 2019 the Company piloted Jayex Arrive to 12 of these 649 customers who are on the Jayex Connect platform. We expect Jayex Arrive to be available to all customer on supported Practice Management Systems in Q3 2019.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations are as follows:

Jayex Healthcare Limited
Directors' report
30 June 2019

Our ultimate goal remains unchanged. Jayex seeks to create superior healthcare solutions that are user-friendly for patients, reliable and easy to maintain for healthcare professionals, offer good value for purchasers and provide long-term returns for our investors, while creating a Company culture that employees feel valued in and proud of.

We will do this by accelerating our development, as well as look to partners, collaborators and M&A opportunities to create a comprehensive end-to-end capability healthcare platform. This platform will support patients and healthcare professionals in the Primary, Secondary, Tertiary and 'Green' care markets, ranging from but not limited to audiology, cancer management, community, dental, general practices, outpatients, phlebotomy, and x-ray.

We will incorporate artificial intelligence algorithms, internet of things, and data analysis that will vastly improve healthcare outcomes for patients, whilst providing such services at very competitive rates to service healthcare providers.

Jayex currently touches 50 million patients annually across these care markets. We will capitalise and utilise our installed base to deliver further and enhanced capability to these care markets through our comprehensive and growing end-to-end cloud-based platform. Our platform will provide everything from Appointment booking, Patient calling, Patient check-in, through to health messaging, self-care monitoring, script management, remote terminal dispensing of pharmaceutical and/or medical cannabis products and telehealth solutions

Significant changes in the state of affairs

On 3 June 2019 the Company issued 5,000,000 fully paid ordinary shares for no consideration to the Chief Executive Officer, Mr Nick Fernando, as remuneration.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 21 July 2019, the Company announced the mutually agreed termination of the two consulting agreements Company and its subsidiaries had with Mr Ross Smith and his company Weed Inc. Limited. All unvested performance rights for Mr Smith that were on issue at that time lapsed.

No other matter or circumstance has arisen since 30 June 2019 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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Jayex Healthcare Limited
Directors' report
30 June 2019

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Boyd', is written over a horizontal line.

Michael Boyd
Chairman

29 August 2019

Auditor's Independence Declaration

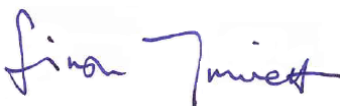
To the Directors of Jayex Healthcare Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Jayex Healthcare Limited for the half year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner - Audit & Assurance

Melbourne, 29 August 2019

Jayex Healthcare Limited

Contents

30 June 2019

Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	19
Independent auditor's review report to the members of Jayex Healthcare Limited	20

Jayex Healthcare Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019

	Note	Consolidated 2019 \$'000	2018 \$'000
Revenue	4	4,066	3,940
Expenses			
Raw materials and consumables used		(683)	(792)
Employee benefits expense		(2,259)	(2,036)
Professional services expenses		(300)	(175)
Depreciation and amortisation expense		(348)	(292)
Loss on disposal of assets		(13)	-
Consultancy expenses		(210)	(111)
Travel expenses		(61)	(77)
Marketing expenses		(139)	(85)
Net foreign exchange gain/(loss)		20	(21)
Rental expense		(65)	(166)
Other expenses		(296)	(321)
Finance costs		(221)	(146)
Loss before income tax expense		(509)	(282)
Income tax expense		(23)	(19)
Loss after income tax expense for the half-year attributable to the owners of Jayex Healthcare Limited		(532)	(301)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		26	164
Other comprehensive income for the half-year, net of tax		26	164
Total comprehensive income for the half-year attributable to the owners of Jayex Healthcare Limited		(506)	(137)
		Cents	Cents
Basic earnings per share	11	(0.32)	(0.19)
Diluted earnings per share	11	(0.32)	(0.19)

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 30 June 2019

		Consolidated	
	Note	30 June 2019	31 December
		\$'000	2018
			\$'000
Assets			
Current assets			
Cash and cash equivalents		598	418
Trade and other receivables		2,338	1,499
Inventories		355	388
Other		207	57
Total current assets		<u>3,498</u>	<u>2,362</u>
Non-current assets			
Receivables		53	27
Property, plant and equipment		130	58
Right-of-use assets	5	334	-
Intangibles	6	9,159	9,176
Total non-current assets		<u>9,676</u>	<u>9,261</u>
Total assets		<u>13,174</u>	<u>11,623</u>
Liabilities			
Current liabilities			
Trade and other payables		2,000	1,336
Lease liabilities	7	148	-
Employee benefits		69	54
Provisions		17	14
Contract liabilities		2,314	1,772
Total current liabilities		<u>4,548</u>	<u>3,176</u>
Non-current liabilities			
Borrowings		3,266	3,054
Lease liabilities	8	172	-
Deferred tax		717	718
Total non-current liabilities		<u>4,155</u>	<u>3,772</u>
Total liabilities		<u>8,703</u>	<u>6,948</u>
Net assets		<u>4,471</u>	<u>4,675</u>
Equity			
Issued capital	9	26,166	25,996
Reserves		(1,566)	(1,724)
Accumulated losses		(20,129)	(19,597)
Total equity		<u>4,471</u>	<u>4,675</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 half-year ended 30 June 2019

Consolidated	Issued capital \$'000	Share based payments 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 expense for the half-year	-	-	-	(301)	(301)
Other comprehensive income for the half-year, net of tax	-	-	164	-	164
Total comprehensive income for the half-year	-	-	164	(301)	(137)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	174	-	-	-	174
Exercise of options	62	(62)	-	-	-
Balance at 30 June 2018	<u>25,656</u>	<u>-</u>	<u>(1,691)</u>	<u>(18,773)</u>	<u>5,192</u>
Consolidated	Issued capital \$'000	Share based payments reserve \$'000	Foreign exchange reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2019	25,996	118	(1,842)	(19,597)	4,675
Loss after income tax expense for the half-year	-	-	-	(532)	(532)
Other comprehensive income for the half-year, net of tax	-	-	26	-	26
Total comprehensive income for the half-year	-	-	26	(532)	(506)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	170	-	-	-	170
Share-based payments	-	132	-	-	132
Balance at 30 June 2019	<u>26,166</u>	<u>250</u>	<u>(1,816)</u>	<u>(20,129)</u>	<u>4,471</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 half-year ended 30 June 2019

	Note	Consolidated 2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,517	5,099
Payments to suppliers and employees (inclusive of GST)		(3,955)	(4,864)
		<u>562</u>	<u>235</u>
Interest and other finance costs paid		(151)	(76)
Net cash from operating activities		<u>411</u>	<u>159</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(107)	-
Payments for intangibles	6	(297)	-
Proceeds from disposal of fixed assets		7	-
Net cash used in investing activities		<u>(397)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from borrowings		211	170
Repayment of lease liabilities		(46)	-
Net cash from financing activities		<u>165</u>	<u>170</u>
Net increase in cash and cash equivalents		179	329
Cash and cash equivalents at the beginning of the financial half-year		418	1,015
Effects of exchange rate changes on cash and cash equivalents		1	(5)
Cash and cash equivalents at the end of the financial half-year		<u><u>598</u></u>	<u><u>1,339</u></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
30 June 2019

Note 1. General information

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

Jayex Healthcare Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Principal place of business

Level 4, 100 Albert Road, South Melbourne, Victoria, 3205 17B Cribb Street, Milton, QLD, 4064

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

AASB 16 - Leases became mandatorily effective on 1 January 2019. Accordingly these standards apply for the first time to this set of financial statements. The nature and effect of the changes arising from these standards are summarised later in this section.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 30 June 2019 of the consolidated entity, as disclosed in the Statement of financial position, is an apparent excess of current liabilities over current assets of \$1,050,000 (31 December 2018: \$544,000). However, the current liabilities as at 30 June 2019 contain a number of liability accounts, including provision accounts and contract liabilities accounts, which represent the results of accounting adjustments and do not represent amounts payable, or likely to become payable, in cash to third parties. If these liability accounts are removed from the calculation of working capital at 30 June 2019, the excess of current assets over adjusted current liabilities is approximately \$1,264,000 (31 December 2018: \$972,000).

The cash balance at 30 June 2019 was \$598,000 (31 December 2018: \$418,000).

The consolidated entity incurred a net loss after tax for the half-year ended 30 June 2019 of \$532,000 (half-year ended 30 June 2018: \$301,000) and had net cash inflows from operating activities of \$411,000 (half-year ended 30 June 2018: \$159,000). Notwithstanding these results, the directors believe that the company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the company is a going concern for the following reasons:

Note 2. Significant accounting policies (continued)

- the consolidated entity's main product, the Enlighten system, remains viable and competitive, and is capable of further technical development and improvement and therefore remains an important source of profitable and cash-generating activity for the consolidated entity;
- the ability of the consolidated entity to scale back parts of its operations and reduce costs if required;
- the Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet the planned corporate activities and working capital requirements; and
- as the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

New Accounting Standards and Interpretations adopted as at 1 January 2019

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach, with the right-of-use assets being measured at amounts equal to the lease liabilities, adjusted by any prepayments or accrued lease payments relating to those leases at the date of initial application. As such the comparatives have not been restated and there was no adjustment to accumulated losses as at the date of initial application.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 3. 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 reporting period.

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.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans 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.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2019

Note 3. Operating segments (continued)

Operating segment information

Consolidated June 2019	Australia \$'000	United Kingdom \$'000	Total reportable segments \$'000
Revenue			
Sales to external customers	590	3,476	4,066
Total sales revenue	590	3,476	4,066
Other revenue	-	-	-
Segment operating expenses	(1,245)	(2,459)	(3,704)
EBITDA	(655)	1,017	362

Consolidated June 2018	Australia \$'000	United Kingdom \$'000	Total reportable segments \$'000
Revenue			
Sales to external customers	581	3,359	3,940
Total sales revenue	581	3,359	3,940
Segment operating expenses	(1,043)	(2,741)	(3,784)
EBITDA	(462)	618	156

The total Revenue and Loss after income tax presented in the Consolidated Entity's operating segments reconcile to the corresponding key financial figures as presented in its Statement of profit or loss and other comprehensive income as follows:

	30 June 2019 \$'000	30 June 2018 \$'000
Revenue		
Total reportable segment revenues	4,066	3,940
Interest income	-	-
Other revenue	-	-
Group revenues	4,066	3,940

	30 June 2019 \$'000	30 June 2018 \$'000
Profit or loss		
Total reportable segment EBITDAs	362	156
Interest income	-	-
Depreciation and amortisation expense	(348)	(292)
Share-based payments expense	(302)	-
Interest expense	(221)	(146)
Income tax (expense)/benefit	(23)	(19)
Group profit/(loss) after income tax expense/benefit	(532)	(301)

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2019

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2019 \$'000	2018 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
Australia	590	581	793	635
United Kingdom	3,476	3,359	8,883	8,626
	<u>4,066</u>	<u>3,940</u>	<u>9,676</u>	<u>9,261</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.

Note 4. Revenue

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses.

For the half year ended 30 June 2019, revenue includes \$1,331,000 (2018: \$1,194,000) included in the contract liability balance at the beginning of the period.

	Consolidated	
	2019 \$'000	2018 \$'000
<i>Major product lines</i>		
Supply and installation of kiosks (at a point of time)	2,558	2,384
Software licences and support services (over time)	1,097	1,067
Extended warranty (over time)	294	326
Software development customisation services (over time)	8	77
Software development supports services (over time)	109	86
	<u>4,066</u>	<u>3,940</u>

Note 5. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2019 \$'000	31 December 2018 \$'000
Land and buildings - right-of-use	366	-
Less: Accumulated depreciation	(32)	-
	<u>334</u>	<u>-</u>

Additions to the right-of-use assets during the half-year were \$366,000, being the recognition of those assets upon the initial application of *AASB 16 Leases* as at 1 January 2019.

The consolidated entity leases land and buildings for its offices and warehouses under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2019

Note 5. Non-current assets - right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land & buildings \$'000	Total \$'000
Balance at 1 January 2019	366	366
Depreciation expense	(32)	(32)
	<hr/>	<hr/>
Balance at 30 June 2019	334	334
	<hr/> <hr/>	<hr/> <hr/>

Note 6. Non-current assets - intangibles

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Goodwill - at cost	9,931	9,944
Less: Impairment	(4,085)	(4,085)
	<hr/>	<hr/>
	5,846	5,859
Patents and trademarks - at cost	<hr/>	<hr/>
	586	586
Software platform - at cost	1,549	1,255
Less: Accumulated amortisation - software	(825)	(685)
	<hr/>	<hr/>
	724	570
Customer relationships - at cost	3,248	3,254
Less: Accumulated amortisation - Customer relationships	(1,245)	(1,093)
	<hr/>	<hr/>
	2,003	2,161
	<hr/> <hr/>	<hr/> <hr/>
	9,159	9,176

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$'000	Patents & trademarks \$'000	Software platform \$'000	Customer relationships \$'000	Total \$'000
Balance at 1 January 2019	5,859	586	570	2,161	9,176
Additions	-	-	297	-	297
Exchange differences	(13)	-	1	(3)	(15)
Amortisation expense	-	-	(143)	(156)	(299)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	5,846	586	725	2,002	9,159
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2019

Note 6. Non-current assets - intangibles (continued)

Amortisation of the asset is to commence when the relevant technology is deemed to be ready for commercial use.

Note 7. Current liabilities - lease liabilities

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Lease liability	148	-

Note 8. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2019	31 December 2018
	\$'000	\$'000
Lease liability	172	-

Note 9. Equity - issued capital

	Consolidated			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	172,613,024	162,613,204	26,166	25,996

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.

Note 10. Events after the reporting period

On 21 July 2019, the Company announced the mutually agreed termination of the two consulting agreements Company and its subsidiaries had with Mr Ross Smith and his company Weed Inc. Limited. All unvested performance rights for Mr Smith that were on issue at that time lapsed.

No other matter or circumstance has arisen since 30 June 2019 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.

Jayex Healthcare Limited
Notes to the consolidated financial statements
30 June 2019

Note 11. Earnings per share

	Consolidated	
	2019	2018
	\$'000	\$'000
Loss after income tax attributable to the owners of Jayex Healthcare Limited	<u>(532)</u>	<u>(301)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>168,386,505</u>	<u>154,944,609</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>168,386,505</u>	<u>154,944,609</u>
	Cents	Cents
Basic earnings per share	(0.32)	(0.19)
Diluted earnings per share	(0.32)	(0.19)

Jayex Healthcare Limited
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd
Chairman

29 August 2019

Independent Auditor's Review Report

To the Members of Jayex Healthcare Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Jayex Healthcare Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Basis for Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Jayex Healthcare Limited does not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$532,000 during the half year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by \$1,050,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Jayex Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.


A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



S C Trivett
Partner – Audit & Assurance

Melbourne, 29 August 2019