

Jayex Healthcare Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity: Jayex Healthcare Ltd
ABN: 15 119 122 477
Reporting period: For the half-year ended 30 June 2017
Previous period: For the half-year ended 30 June 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	down	32.5% to	3,996
Loss from ordinary activities after tax attributable to the owners of Jayex Healthcare Ltd	down	7.6% to	(1,364)
Loss for the half-year attributable to the owners of Jayex Healthcare Ltd	down	7.6% to	(1,364)

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 \$1,364,000 (30 June 2016: \$1,476,000 loss).

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 2017 released with this document.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.94)</u>	<u>(0.13)</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 Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Jayex Healthcare Ltd for the half-year ended 30 June 2017 is attached.

12. Signed



Signed

Michael Boyd
Chairman

Date: 22 August 2017

Jayex Healthcare Ltd

ABN 15 119 122 477

Interim Report - 30 June 2017

Jayex Healthcare Ltd
Directors' report
30 June 2017

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 Ltd (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 2017.

Directors

The following persons were directors of Jayex Healthcare Ltd 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 (appointed 27 March 2017)

Review of operations

The loss for the six months ended 30 June 2017 after providing for income tax amounted to \$1,364,000 (30 June 2016: \$1,476,000 loss).

The UK operation, which typically contributes approximately 80 percent of total Jayex Healthcare revenue, contributed approximately 84 percent of total Jayex Healthcare revenue in H1 2017. In the first 6 months of 2017, the UK operation achieved 98% of its budgeted revenue target.

An order received for a hospital installation of the Jayex Enlighten kiosk solution that was originally planned for installation in H1 2017 was unfortunately delayed due to circumstances outside the control of Jayex. This installation is now scheduled to be completed by Q3 2017.

Regarding EBITDA, the UK had an exceptionally strong performance and achieved 103% of its budgeted EBITDA target.

The UK operation received some significant orders, which were also delivered and invoiced in H1 2017. These include orders for Derbyshire CCG for 22 Enlighten Patient check-in systems, 37 Patient calling boards for GP practices across Northern Ireland, 44 Patient calling systems for Newham CCG and in excess of 50 Enlighten Patient check-in systems and Patient calling systems for Wolverhampton CCG. These 4 orders alone accounted for more than \$725,000 AUD of revenue.

Our Professional Services Group received an order to deliver a solution to merge audiology data for 3 UK hospital sites. The UK operation also successfully delivered, installed and commissioned a number of large-scale Jayex Enlighten solutions across UK hospitals. Enlighten Patient check-in systems have now gone live at both Eastbourne District General Hospital and Conquest Hospital. Each site went live with two key Outpatients areas which are now using the Jayex Enlighten system. All the preparation work (planning, team engagement, extensive testing, etc.) resulted in a smooth Go-Live and the teams at both hospitals have taken to the new systems very quickly with an excellent response from patients. Jayex also delivered an Enlighten Patient check-in system at Gloucester Royal Infirmary. A number of departments at Gloucester Royal Infirmary are now using the Jayex system including departments on the Atrium ground floor, the Atrium first floor, Ophthalmology, Oral and Maxillofacial and Cardiology Investigations. These three hospital sites alone account for more than 20 Jayex Patient Check-in Kiosks being deployed.

The Australian operation continued to deploy more users of both the Appointuit and Enlighten solutions across Australia in H1 2017. The appointment of Mr Nick Fernando on the 23 May 2017 as Chief Executive Officer (CEO) for Jayex Healthcare Limited will accelerate and strengthen the deployment of the Jayex product and solutions portfolio across Australia and New Zealand. Nick Fernando joined Jayex Technology Limited (Jayex UK) in June 2015 as Managing Director and continues to head the UK organisation. He will bring his proven senior executive knowledge and 17 years of global commercial experience in delivering a business strategy that will lead the Australian operations to sustained growth and profitability. The strategy will focus on delivering unrivalled capability, functionality, service and value for money through Jayex's superior suite of products and solutions including Appointuit, Enlighten, Pharmacy 2 U (P2U), Professional Services and BluePoint.

Jayex Healthcare Ltd
Directors' report
30 June 2017

Financial position

The Group's cash balance had a net increase of \$716,000 over the six months to 30 June 2017. This reflected net cash outflows from operations and the net increase in borrowings over that period, as reflected in the Statement of cash flows contained in the accompanying financial statements.

The change in the balance of borrowings over the six months to 30 June 2017 reflects a new \$2,000,000 loan made to the Group during that period, and repayments of short term borrowings of \$620,000 that were outstanding at the start of that period.

The increase in Other current liabilities from \$1,532,000 to \$2,205,000 over the six months to 30 June 2017 is due mainly to an increase in the balance of Deferred revenue recorded as a liability in the accounts of the Group's United Kingdom-based company Jayex Technology Limited. This liability represents sales invoiced in advance of the provision of contracted services. The liability will decrease across the remainder of the financial year as the relevant services are provided to customers.

Significant changes in the state of affairs

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

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.

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



Michael Boyd
Chairman

22 August 2017

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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 2017, 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



B A Mackenzie
Partner - Audit & Assurance

Melbourne, 22 August 2017

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Jayex Healthcare Ltd

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Jayex Healthcare Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Revenue		3,996	5,917
Other income	4	-	2,064
Expenses			
Raw materials and consumables used		(1,090)	(1,898)
Employee benefits expense		(2,580)	(2,971)
Professional services expenses		(346)	(194)
Depreciation and amortisation expense		(224)	(297)
Impairment of assets		-	(3,000)
Consultancy expenses		(329)	(443)
Travel expenses		(119)	(200)
Marketing expenses		(139)	(81)
Net foreign exchange loss		(49)	(16)
Rental expense		(162)	(124)
Other expenses		(289)	(313)
Finance costs		(75)	(4)
Loss before income tax benefit		(1,406)	(1,560)
Income tax benefit		42	84
Loss after income tax benefit for the half-year attributable to the owners of Jayex Healthcare Ltd		(1,364)	(1,476)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(116)	(185)
Other comprehensive income for the half-year, net of tax		(116)	(185)
Total comprehensive income for the half-year attributable to the owners of Jayex Healthcare Ltd		(1,480)	(1,661)
		Cents	Cents
Basic earnings per share		(0.89)	(0.98)
Diluted earnings per share		(0.89)	(0.98)

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

Jayex Healthcare Ltd
Statement of financial position
As at 30 June 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents		2,050	1,334
Trade and other receivables		1,189	1,122
Inventories		450	359
Other		150	65
Total current assets		3,839	2,880
Non-current assets			
Receivables		43	43
Property, plant and equipment		97	94
Intangibles	5	9,170	9,508
Total non-current assets		9,310	9,645
Total assets		13,149	12,525
Liabilities			
Current liabilities			
Trade and other payables		1,476	1,470
Borrowings		12	620
Employee benefits		97	60
Provisions		288	278
Other		2,205	1,532
Total current liabilities		4,078	3,960
Non-current liabilities			
Borrowings		2,022	-
Deferred tax		850	934
Total non-current liabilities		2,872	934
Total liabilities		6,950	4,894
Net assets		6,199	7,631
Equity			
Issued capital		25,180	24,940
Reserves		(1,641)	(1,333)
Accumulated losses		(17,340)	(15,976)
Total equity		6,199	7,631

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

Jayex Healthcare Ltd
Statement of changes in equity
For the half-year ended 30 June 2017

Consolidated	Issued capital \$'000	Options reserve \$'000	Foreign exchange reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2016	24,588	448	(49)	(10,913)	14,074
Loss after income tax benefit for the half-year	-	-	-	(1,476)	(1,476)
Other comprehensive income for the half-year, net of tax	-	-	(185)	-	(185)
Total comprehensive income for the half-year	-	-	(185)	(1,476)	(1,661)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	222	-	-	222
Balance at 30 June 2016	<u>24,588</u>	<u>670</u>	<u>(234)</u>	<u>(12,389)</u>	<u>12,635</u>
Consolidated	Issued capital \$'000	Options 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 half-year	-	-	-	(1,364)	(1,364)
Other comprehensive income for the half-year, net of tax	-	-	(116)	-	(116)
Total comprehensive income for the half-year	-	-	(116)	(1,364)	(1,480)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	48	-	-	48
Exercise of options	240	(240)	-	-	-
Balance at 30 June 2017	<u>25,180</u>	<u>254</u>	<u>(1,895)</u>	<u>(17,340)</u>	<u>6,199</u>

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

Jayex Healthcare Ltd
Statement of cash flows
For the half-year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,298	6,387
Payments to suppliers and employees (inclusive of GST)		(5,940)	(7,628)
		(642)	(1,241)
Interest and other finance costs paid		(32)	(2)
Net cash used in operating activities		(674)	(1,243)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(1,062)
Payments for property, plant and equipment		(18)	-
Payments for intangibles	6	-	(129)
Net cash used in investing activities		(18)	(1,191)
Cash flows from financing activities			
Proceeds from borrowings		2,070	-
Share issue transaction costs		-	(240)
Repayment of borrowings		(670)	(33)
Net cash from/(used in) financing activities		1,400	(273)
Net increase/(decrease) in cash and cash equivalents		708	(2,707)
Cash and cash equivalents at the beginning of the financial half-year		1,334	4,637
Effects of exchange rate changes on cash and cash equivalents		8	(188)
Cash and cash equivalents at the end of the financial half-year		<u>2,050</u>	<u>1,742</u>

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

Jayex Healthcare Ltd
Notes to the financial statements
30 June 2017

Note 1. General information

The financial statements cover Jayex Healthcare Ltd as a consolidated entity consisting of Jayex Healthcare Ltd 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 Ltd's functional and presentation currency.

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

Registered office

Level 4, 100 Albert Road, South Melbourne, Victoria, 3205

Principal place of business

Suite 3, 53 Coppin Street, Richmond, Victoria, 3121

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 22 August 2017. 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 2017 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 2016 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, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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.

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 2017 of the consolidated entity, as disclosed in the Statement of financial position, is an apparent excess of current liabilities over current assets of \$239,000 (31 December 2016: \$1,080,000). However, the current liabilities as at 30 June 2017 contain a number of liability accounts, including provision accounts, revenue received in advance accounts and unearned revenue accounts, which represent the results of accounting adjustments and do not represent amounts payable, or likely to become payable, to third parties. If these liability accounts are removed from the calculation of working capital at 30 June 2017, the adjusted working capital has a surplus of approximately \$2,122,000 (31 December 2016: \$1,000,000).

The cash balance at 30 June 2017 was \$2,050,000 (31 December 2016: \$1,334,000).

The consolidated entity incurred a net loss after tax for the half-year ended 30 June 2017 of \$1,364,000 (half-year ended 30 June 2016: \$1,476,000) and had net cash outflows from operating activities of \$674,000 (half-year ended 30 June 2016: \$1,243,000). 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 ability of the Group 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.

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 Ltd
Notes to the financial statements
30 June 2017

Note 3. Operating segments (continued)

Operating segment information

Consolidated June 2017

	Australia	United Kingdom	Total reportable segments
	\$'000	\$'000	\$'000
Revenue			
Sales to external customers	628	3,368	3,996
Total sales revenue	628	3,368	3,996
Segment operating expenses	(2,294)	(2,761)	(5,055)
EBITDA	(1,666)	607	(1,059)

Consolidated June 2016

	Australia	United Kingdom	Total reportable segments
	\$'000	\$'000	\$'000
Revenue			
Sales to external customers	1,064	4,846	5,910
Total sales revenue	1,064	4,846	5,910
Segment operating expenses	(2,510)	(3,504)	(6,014)
Fair value adjustment to financial liabilities	2,064	-	2,064
Impairment of goodwill	(3,000)	-	(3,000)
EBITDA	(2,382)	1,342	(1,040)

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 2017	30 June 2016
	\$'000	\$'000
Revenue		
Total reportable segment revenues	3,996	5,910
Interest income	-	2
Other revenue	-	5
Group revenues	3,996	5,917

	30 June 2017	30 June 2016
	\$'000	\$'000
Profit or loss		
Total reportable segment EBITDAs	(1,059)	(1,040)
Interest income	-	2
Other revenue	-	5
Depreciation and amortisation expense	(224)	(297)
Share-based payments expense	(48)	(222)
Capital raising and acquisition expenses	-	(4)
Interest expense	(75)	(4)
Income tax (expense)/benefit	42	84
Group profit/(loss) after income tax expense/benefit	(1,364)	(1,476)

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers	Sales to external customers	Geographical non-current assets	Geographical non-current assets
	30 June 2017	30 June 2016	30 June 2017	31 December 2016
	\$'000	\$'000	\$'000	\$'000
Australia	628	1,064	570	659
United Kingdom	3,368	4,846	8,740	8,986
	3,996	5,910	9,310	9,645

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. Other income

	Consolidated	
	2017	2016
	\$'000	\$'000
Fair value remeasurement of financial liabilities	-	2,064

During the half year ended 30 June 2016 the Company remeasured the contingent consideration payable in relation to the preceding period's acquisition of Appointuit Pty Ltd, reducing the payable to nil as at 30 June 2016. The amount of the reduction in the liability arising from the remeasurement adjustment was recorded as Other Income.

Note 5. Non-current assets - intangibles

	Consolidated	
	2017	2016
	\$'000	\$'000
Goodwill - at cost	9,558	9,624
Less: Impairment	(4,085)	(4,085)
	5,473	5,539
Patents and trademarks - at cost	586	586
Software platform - at cost	999	1,009
Less: Accumulated amortisation - software	(343)	(269)
	656	740
Customer relationships - at cost	3,131	3,166
Less: Accumulated amortisation - Customer relationships	(676)	(523)
	2,455	2,643
	9,170	9,508

Jayex Healthcare Ltd
Notes to the financial statements
30 June 2017

Note 5. Non-current assets - intangibles (continued)

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 2017	5,539	586	740	2,643	9,508
Exchange differences	(66)	-	(16)	(46)	(128)
Amortisation expense	-	-	(68)	(142)	(210)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2017	<u>5,473</u>	<u>586</u>	<u>656</u>	<u>2,455</u>	<u>9,170</u>

Note 6. Contingent liabilities

(a) Federal Court application

In October 2016 the Company was served with an Application filed with the Federal Court of Australia by Australian Medical Consulting Group Pty Ltd and its owners, Mr Gordon Cooper and Ms Rosemary Cooper. Australian Medical Consulting Group Pty Ltd represented 59.8% of the legal vendors of Appointuit Pty Ltd. Appointuit Pty Ltd was 100% acquired by the Company on 22 September 2015. As at the date of this report the Application continues to progress through procedural stages.

The Company and its advisors do not believe there is any merit to the claims and will defend them vigorously.

Note 7. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 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 Ltd
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached consolidated 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 consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 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

A handwritten signature in black ink, appearing to read 'Michael Boyd', written in a cursive style.

Michael Boyd
Chairman

22 August 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JAYEX HEALTHCARE LIMITED

We have reviewed the accompanying half-year financial report of Jayex Healthcare Limited (the "Group"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2017, 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, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of Jayex Healthcare Limited 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 controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 consolidated entity's financial position as at 30 June 2017 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.

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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 complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Jayex Healthcare Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which identifies that during the half year ended 30 June 2017 the Group incurred a net loss of \$1,364,000 million, had net cash outflows from operating activities of \$674,000, and that the Group's current liabilities exceeded its current assets by \$239,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B A Mackenzie
Partner - Audit & Assurance

Melbourne, 22 August 2017