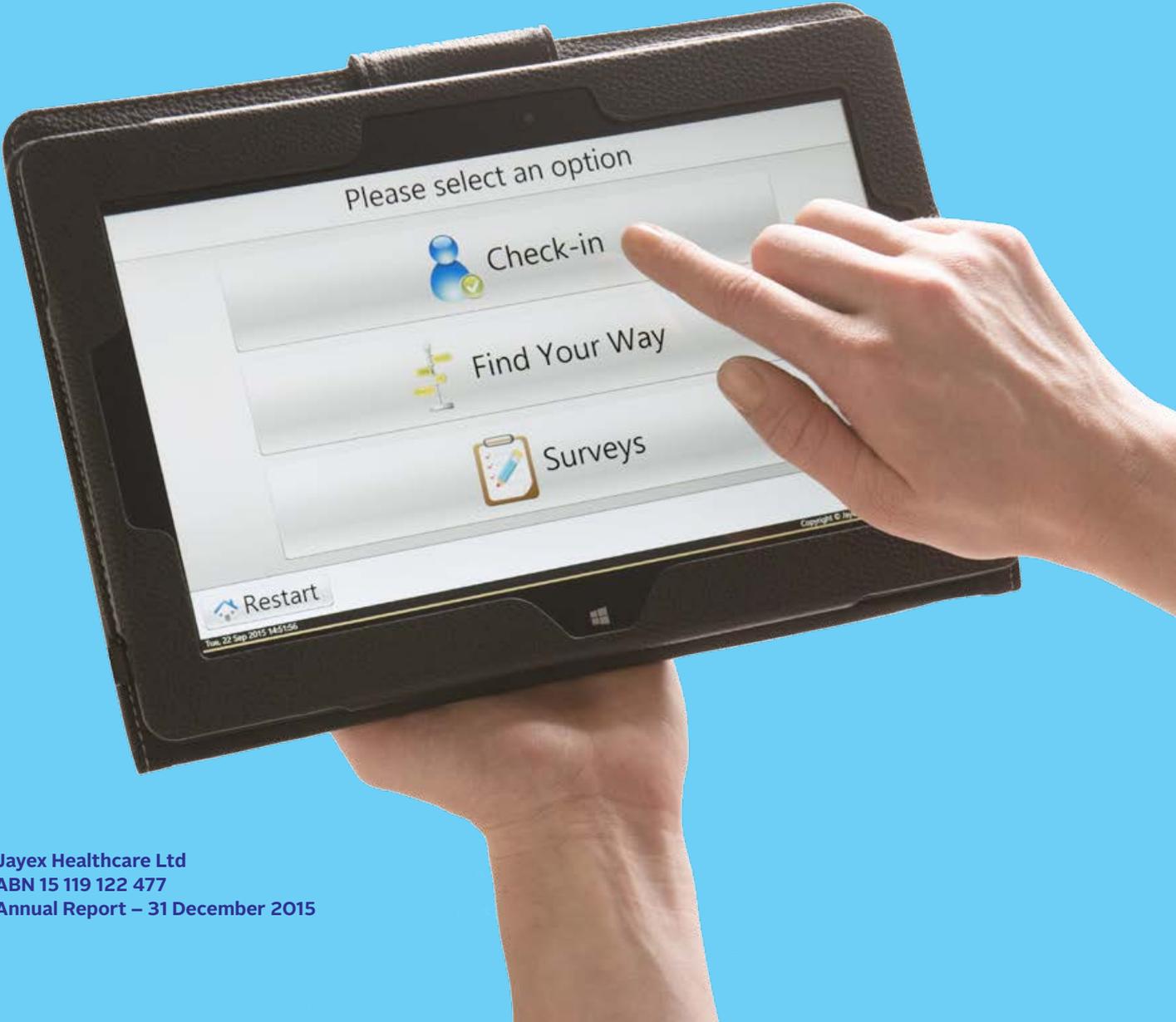


# Jayex Healthcare Annual Report 2015



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## Our Company

### **Jayex Healthcare Limited**

Jayex Healthcare Limited is an ASX-listed entity that provides integrated healthcare services delivery platforms by incorporating its proprietary technologies, which comprise Enlighten, a patient workflow platform, and Appointuit, a patient engagement platform. The Company also owns Pharmacy Delivery 2 U, a prescription delivery service platform, and BluePoint a remote pharmacy prescription processing and dispensing terminal.

Jayex intends to continue to develop the technologies with the aim of becoming a market leader by meeting the global demand by patients and healthcare professionals for, a low-cost, efficient, convenient and customised healthcare service delivery solution.

Jayex's has a fourfold corporate strategy and objectives:

- Becoming a market leader – to secure its 'first-mover' advantages in markets in the United Kingdom and Australia, as well as in other markets in New Zealand, North America and key Asian markets.
- Commercialise – to rollout and commercialise Jayex's suite of technology platforms in key markets as quickly as conditions and deregulation in each market allows, so as to secure a strong foothold in those markets, and leverage those footholds to offer further products and services to entrench customer loyalty and enhance maintainable earnings.
- Acquire – to identify and acquire other complementary or new technologies so as to expand or enhance Jayex's service offerings and market position in providing integrated healthcare service delivery solutions.
- Develop – to continue to invest in our product and technology development, and bring to market and commercialise enhancements to our existing and acquired proprietary technologies.

## Jayex Goals

Jayex believes that its interconnected suite of technologies is a compelling proposition for both patients and healthcare professionals, providing versatility, flexibility and convenience, which the Company believes will:

- deliver improved patient convenience and online access to healthcare services;
- provide continued productivity gains for healthcare practitioners by increasing the efficient functioning of their practices and healthcare service delivery; and
- enhance the patient experience, especially for those who are "time-poor", require medication management and the needs of an increasingly ageing population.

# Highlights 2015



**The Company successfully listed on the Australian Securities Exchange (“ASX”) in December 2015 via an Initial Public Offering (“IPO”) raising funds of \$8,000,000.**



**Acquired Appointuit Pty Ltd in September 2015, a patient engagement solution that enhances communication between patient and GP or other healthcare professional.**



**Acquired Jayex Technology Limited in December 2015, a United Kingdom based business that operates the Enlighten platform, a patient management system that focuses on the workflow of patients through general practice clinics and hospitals.**



**The Company has continued to successfully market and sell Enlighten in the Australian and UK markets and Appointuit in Australia.**

# Recent Developments



**As part of the Company's strategy to begin building a strong foundation, several key leadership team appointments were made:**

- **Mr Agam Jain, the founder and former Managing Director of Jayex UK, the developer of the Enlighten technology, was appointed as an Executive Director of the Company January 2016.**
- **Mr. Richard Ireson appointed as Chief Operating Officer in February 2016;**
- **Mr. Cameron Knox appointed as Chief Financial Officer in February 2016;**
- **Mr Nick Fernando formally appointed Chief Executive Officer and Managing Director of Jayex UK in December 2015.**



**Australian Sales team fully on-boarded ready in March to begin growth strategy. This process has been aided by the integration of the Enlighten and Appointuit technologies within the Group which enables it to cross-sell its technology products between existing Australian Appointuit and Enlighten customers.**

# Chairman's Letter

## Self - Service Point

Welcome

**Existing Patients**  
please touch this  
screen to check in



**New Patients**  
please go straight to  
Reception



**Touch the screen to start...it's easy**

Dear Shareholders,

On behalf of the Board of Directors I am pleased to present the 2015 Annual Report for Jayex Healthcare Limited (Company), and the first report since the Company was admitted to the Official List of the Australian Stock Exchange (ASX) following the successful initial public offering (IPO) of shares in the Company in December 2015.

The last 12 months has transformed the Company and its prospects from an early stage Australian focussed start-up, to a fully operational, and profitable, international healthcare technology services provider to major hospitals, medical practitioners and allied healthcare professionals in Australia and the United Kingdom.

The Company's achievements over this period have been significant, and include:

- the successful A\$8 million IPO and listing of the Company on the ASX,
- the expansion of the Board of directors, and the senior management team, to include highly qualified and internationally experienced directors and managers to guide the Company in achieving its corporate objectives,
- the successful acquisition of two wholly-owned subsidiaries, being Jayex Technology Limited (UK) and Appointuit Pty Ltd (Australia), to underpin the integrated healthcare technology offering of the Company,
- the continued successful integration of the Company's global and local management teams and operations following the IPO, and
- fundamentally, the continued growth in the Company's local and international operations.

As shareholders are well aware, global and local economic conditions, and stock market volatility, over the last 12 months have been very challenging, and will likely remain so for some time.

Against that background, the Company's achievements over that time are even more impressive.

The Company and the management team are fully focussed on achieving the vision and objectives set out in the IPO Prospectus. While it is still early stages in that process, the Company's healthcare technologies and services are being successfully commercialised in Australia, and our established United Kingdom operations, centered on our *Enlighten* patient management system, continues to be a core component of our success.

In addition, the year ahead will see the Company commence the commercialisation of its proprietary prescription delivery platform, known as Pharmacy Delivery 2 U, and the continued development of its BluePoint remote pharmacy prescription processing and dispensing terminal.

The Company will also continue to assess new technologies and systems which are complimentary to and enhance our core integrated healthcare technologies, or which provide the Company with access to markets and customers for our core technologies.

Through the continued development and commercialisation of our core technologies, and the enhancement of our technologies through acquisitions and other collaborations, we are determined to become a global leader in offering integrated healthcare technology solutions.

We are confident of the continued success of the Company and acknowledge the support of our shareholders in achieving that success.

On behalf of the Board we thank you, our shareholders, for your support, and our highly valued employees for their dedication and hard work.

Sincerely

Michael Boyd  
Chairman

# Product Technology Review

Jayex's proposed healthcare services system is comprised of the following four proprietary technologies:

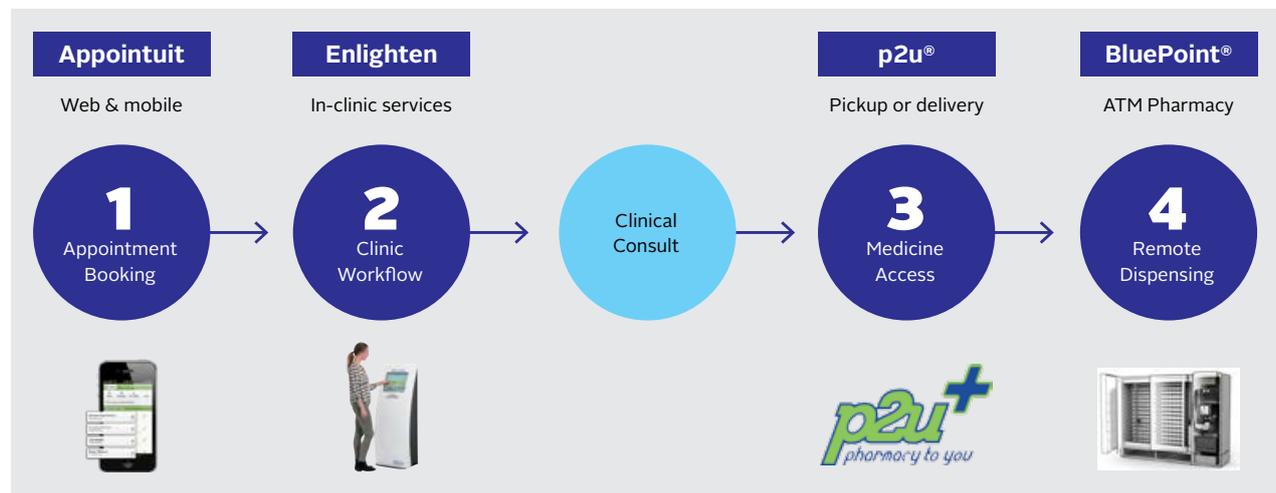
- **Enlighten (In Market):** A patient management system that focuses on the workflow of patients through a general practitioner (GP) clinic or hospital. Key functionality includes patient self-arrivals and patient calling, tracking the patient journey, capturing an outpatients recoverable costs efficiently, permitting clinic and hospital staff to refocus from administrative functions to providing a higher quality of patient care.
- **Appointuit (In Market):** A proactive and comprehensive 24/7 patient engagement solution that optimises clinic information workflow, avoids costly inefficiencies of manual appointment systems, enables staff to engage with patients to provide tailored healthcare services, and provides patients with an online appointment booking function.
- **Pharmacy Delivery 2 U (p2u®) (Beta testing):** Once development is completed, will allow patients to take control of their pharmaceutical prescription by either requesting express pickup at a participating pharmacy or by having medicines delivered directly to their home, office or other location.
- **BluePoint® (In development):** Once development is completed, will be a pharmacist controlled 'ATM-style' terminal capable of installation almost anywhere, that remotely processes prescriptions and provides 'on the spot' dispensing of standard pharmaceutical products.

Jayex's portfolio of technologies offers a continuum of interconnected services that aim to improve and enhance access by patients to GPs and allied health professionals (AHPs) while, at the same time, aiming to improve the ability of those GPs and AHPs to deliver efficient and targeted healthcare services to those patients across a fragmented healthcare system at a lower cost.

The technologies, when combined, will provide an 'end-to-end' system that is designed to enable:

- patients to make appointments online, and GPs and AHPs to engage with their customers and encourage patient loyalty;
- patients to self-arrive and check-in via kiosks at clinics and hospitals, reducing the administration costs required for healthcare services, and improving patient profile data integrity;
- healthcare professionals to improve clinic workflow through patient calling screens; and
- once development of the p2u® prescription processing and delivery service, and BluePoint® RDT, technology is completed, greater convenience and choice for patients accessing prescription medicines from immediate pick-up at pharmacy, home or office delivery or through remote dispensing.

## The Jayex Healthcare Ecosystem



**Product Technology Review (continued)**

**Enlighten**

The Enlighten patient workflow platform is a comprehensive software platform supported by a suite of hardware devices which include:

- **Stand-alone or wall-mounted kiosks** for patient self-arrival and check-in functions. These are touch-screens with intuitive and easy to use interfaces with multi-lingual capabilities.
- **Patient calling screens** for displaying media and advertising content that may be specifically targeted to the clinic type or towards patients waiting, based on their check-in data profiles. These screens will call the patients up to their appointment from the waiting room when their GP or healthcare professional is ready to see them.

- **Ticker-board displays** that may be deployed as stand-alone devices for patient calling only. These are frequently deployed in the UK market, but have not been widely used in the Australian market.

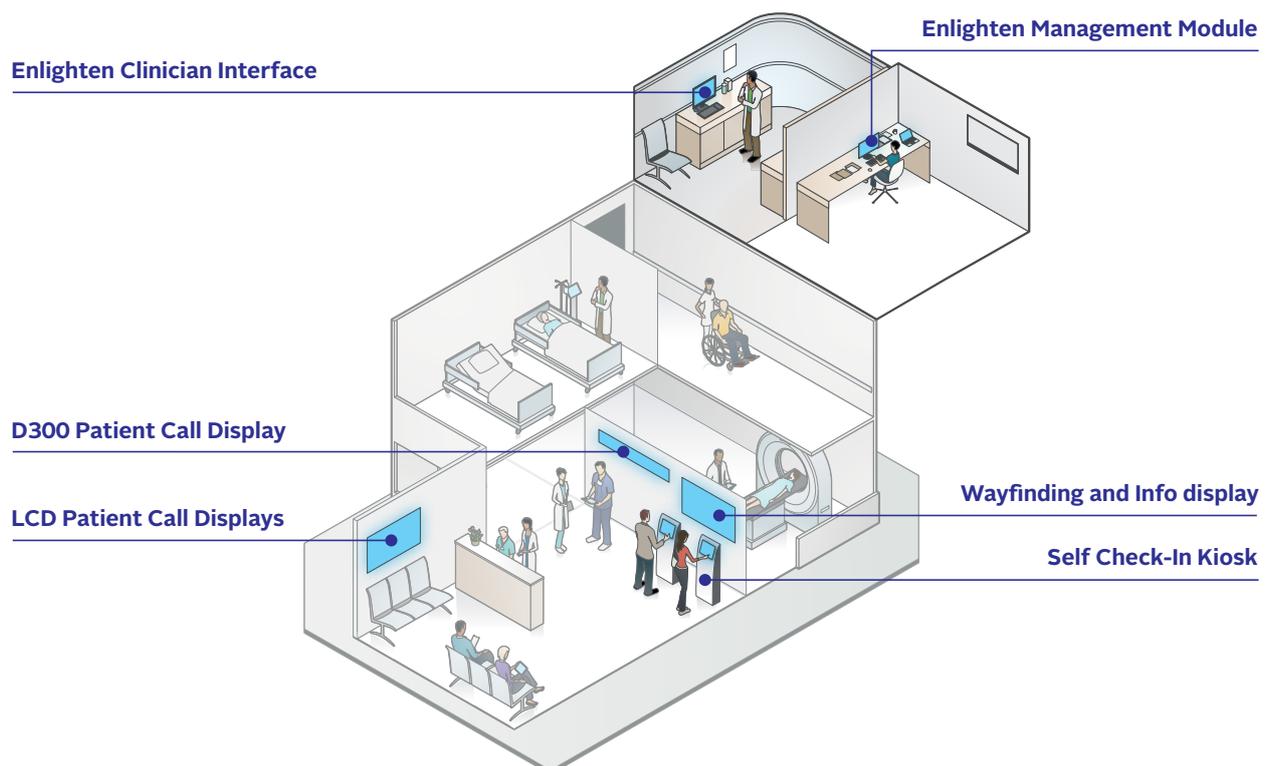
Enlighten is a patient workflow platform and patient arrivals solution that has been designed to provide increased efficiency and flow of patients in both Primary Care and hospital outpatient clinics. This is achieved by:

- reducing 'log-jams' in administrative patient processing;
- freeing up clinic and hospital staff from non-revenue generating activities to providing a higher quality of patient care; and
- increasing the number of patients that may be treated per shift without neglecting the quality of care.

**Enlighten platform benefits**

Enlighten	Traditional method
Self-arrival & Check-in	<ul style="list-style-type: none"> <li>• Staff occupied in labour intensive process involving one-on-one questioning; or</li> <li>• Manual data-entry of questionnaire forms</li> </ul>
Profile update	
Survey & consents	
Patient calling	<ul style="list-style-type: none"> <li>• Staff required to find &amp; call patient for appointment; &amp;</li> <li>• Escort to doctor's office</li> </ul>
Way-finding	

**A typical Enlighten platform hospital deployment**



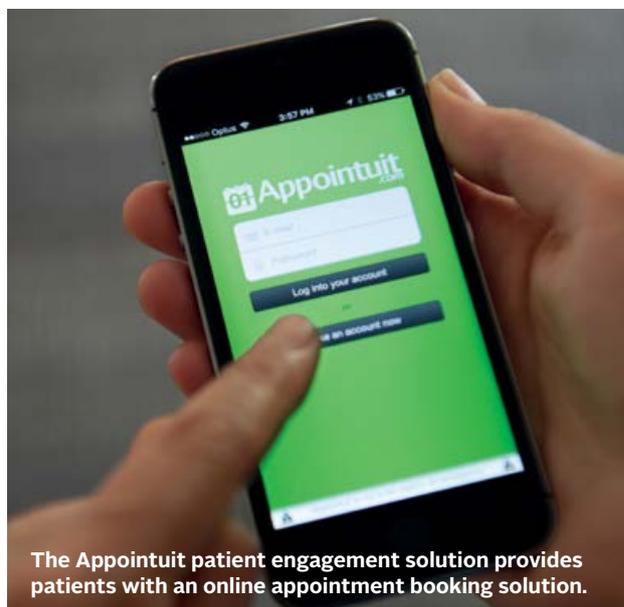
**Appointuit**

Appointuit is a comprehensive 24/7 patient engagement solution that optimises clinic workflow, avoids costly inefficiencies of manual appointment systems, enables staff to engage with patients to provide tailored healthcare services, and allows patients to control booking of their medical appointments at their convenience with an on-line appointment booking function.

Appointuit aims to:

- be convenient for patients, who can make their own appointments, anywhere at any time, via a mobile app, tablet or computer;
- be efficient as it avoids ‘appointment chaos’ for medical practice staff, GPs and AHPs;
- enable greater patient engagement with GPs and AHPs;
- reduce the costs of medical practices by reduced administration time and improve clinic workflow; and
- enhance the quality of healthcare service delivery for patients through better health care management and proactive healthcare communication.

Appointuit is made up of core existing and ‘in-development’ add-on products, namely:



The Appointuit patient engagement solution provides patients with an online appointment booking solution.

<b>Core</b>	<ul style="list-style-type: none"> <li>— <b>Appointuit</b> – core app and web appointment booking system with intelligent scheduling algorithm that can take into account local GP and clinic preferences; and schedule priorities and procedures that can aid and streamline clinical workflow.</li> <li>— <b>Engage!</b> – Patient engagement and customer relationship management (CRM) tool that uses email to reach patients through seasonal and demographic-targeted campaigns e.g. seasonal flu vaccination campaigns.</li> </ul>
<b>Add-on</b>	<ul style="list-style-type: none"> <li>— <b>Engage! SMS</b> – Supplementary product to <i>Engage!</i> that provides an optional SMS communication channel for <i>Engage!</i> campaigns to patients instead of email.</li> <li>— <b>Engage! Premium</b> – Optional add-on product that provides healthcare practitioners the capability for deeper engagement with their patients by enabling individually customised and targeted emails that provide information to patients and their care-givers in relation to their most recent consultation, and for timely post-consult follow-ups.</li> <li>— <b>Appointuit SMS</b> – Automated appointment reminders, updates and customised services by SMS aimed at minimising costly ‘no-shows’ and driving improved health outcomes for patients.</li> <li>— <b>Appointuit Analytics</b> – Performance reporting tool to track, measure and analyse the performance of patient communications and campaigns.</li> <li>— <b>Registration</b> – On-line and in-clinic self-registration.</li> <li>— <b>Scripts &amp; Referrals</b> – Web and mobile-based prescription ordering and specialist referrals function that enables a patient to request prescription renewals or specialist referrals entirely through the <i>Appointuit</i> solution without needing to make an appointment with the GP.</li> </ul>
<b>In Development</b>	<ul style="list-style-type: none"> <li>— <b>Patient &amp; Practice Portal</b> (Beta Testing) – A convenient single portal that provides access to aggregated healthcare information for patients (appointment management, scripts and referrals, secure messaging, medical imaging and results delivery) and healthcare practitioners (CRM campaigns, SMS messaging, analytics, ordering, practice surveys and management tools).</li> </ul>



When fully developed, p2u® removes the inconvenience pharmacy visits to collect pharmaceutical prescriptions.



**Pharmacy Delivery 2 You (P2U)**

Pharmacy Delivery 2 You (p2u®) is a service currently under development by Jayex (Beta testing April 2016), which addresses a key cost barrier to the delivery, and growth in sales, of pharmaceutical products and services: the reliance on distribution through 'bricks and mortar' pharmacy storefronts. This traditional mode of distribution has largely been focussed on geographic location, requiring the patient to physically visit the pharmacist and is generally confined to larger towns and cities.

p2u® is a service that acts as an intermediary between pharmacists and patients, facilitating improved access and convenience to prescription medicines by click-&-collect or delivery services.

Patients wishing to use the p2u® service simply pre-register via the Appointuit app or the Enlighten kiosk during check-in.

p2u® collects prescription information following a patient's healthcare consult and electronically forwards the prescription to the pharmacy nominated by the patient. The pharmacist is then able to prepare the prescription for collection or delivery as desired by the patient.

Pharmacists will be provided a patient's contact details and preferences that were collected as part of the registration process. A normal pharmacy interaction and consultation may take place face to face during click-&-collect service or by telephone for delivery services.

**Bluepoint RDT**

The BluePoint® Remote Dispensing Terminal (RDT) is a wholly-owned technology that is currently under development by Jayex with extensive patent protection across the US and Asia, and with patents pending in Europe.

The BluePoint® RDT allows pharmacists to safely dispense prescription and other scheduled (non-prescription) pharmacy products from a secure terminal to patients using digital imaging and audio technology. The RDT can be installed almost anywhere. It allows the patient to remotely, but directly and privately, consult with a pharmacist, and safely receive prescription medicines from the RDT, and receive other health care information.

The focus of this technology is to increase access to medicines for patients and carers, whether that be driven by proximity, convenience or ease of access to medicines and professional advice. An intrinsic part of this new solution is to ensure the discretionary/mandatory pharmacy consultation capability is readily available to users of the system. Through the unique technology of the BluePoint® RDT, patients and carers have ready access to their pharmacist for advice and consultation on their medication and any other health related questions.

# Finance report

Enlighten reduces patient log-jams, frees up clinic staff from administrative patient check-in and increases patient flow.

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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.

During the current financial period, Jayex Healthcare Limited changed its financial year end from 30 June to 31 December, in order to align the consolidated entity’s financial year end with that of its major subsidiary, Jayex Technology Limited, which is based in the United Kingdom. The financial year ends of Jayex Healthcare Limited’s other subsidiaries, and of the consolidated entity, were also amended to 31 December in order to synchronise them with the financial year end of Jayex Healthcare Limited.

As a result of these changes:

- the current financial year reported in these financial statements is the six month period ended 31 December 2015, chosen to align with its new financial year end;
- the previous financial year, for which comparative information is disclosed, is the year ended 30 June 2015;
- the amounts presented in these financial statements are not entirely comparable, as:
  - the current period closing balances disclosed in the statement of financial position, statement of changes in equity and supporting information are as at 31 December 2015, whereas the comparative information is as at 30 June 2015; and
  - the current period amounts disclosed in the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flow and supporting information are for the six month period ended 31 December 2015, whereas the comparative information is for the year ended 30 June 2015.

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:

Level 1  
529 Burwood Road  
Hawthorn VIC 3122

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 March 2016. The directors have the power to amend and reissue the financial statements.

# Jayex Healthcare Ltd

## Corporate directory

31 December 2015

### Directors

Michael Boyd  
John Allinson  
Brian Renwick  
Shane Tanner  
Agam Jain

### Registered office

Level 1  
529 Burwood Road  
Hawthorn VIC 3122

### Principal place of business

Level 1  
529 Burwood Road  
Hawthorn VIC 3122

### Share register

Boardroom Pty Ltd  
Level 12, Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Phone: 1300 737 760 (in Australia);  
+61 2 9290 9600 (international)

### Auditor

Grant Thornton Audit Pty Ltd  
The Rialto  
Level 30, 525 Collins Street  
Melbourne VIC 3000

### Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Stock exchange listing

Jayex Healthcare Ltd shares are listed on the Australian Securities Exchange (ASX code: JHL)

### Website

<http://jayexhealthcare.com.au/>

# Jayex Healthcare Ltd

## Directors' report

31 December 2015

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 period ended 31 December 2015.

### Directors

The following persons were directors of Jayex Healthcare Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Michael Boyd (Executive Chairman)  
John Allinson (Non-Executive Director)  
Brian Renwick (Non-Executive Director)  
Shane Tanner (Non-Executive Director) (appointed 17 September 2015)  
Agam Jain (Executive Director) (appointed 14 January 2016)

### Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the development and provision of healthcare industry service technologies and the development of integrated dispensing automation systems for the pharmaceutical and healthcare sectors.

### Dividends

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

### Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$2,902,000 (30 June 2015: \$860,000).

2015 was a significant year for the Company in its overall strategy to provide an integrated healthcare services delivery system not only domestically but internationally as well.

During 2015 the Company made two key acquisitions:

- Appointuit Pty Ltd in September 2015, a patient engagement solution that enhances communication between patient and GP; and
- Jayex Technology Limited in December 2015, a United Kingdom based business that operates the Enlighten platform, a patient management system that focuses on the workflow of patients through general practice clinics and hospitals.

Both of these acquisitions represent key milestones in the Company's overall strategy.

The financial results of the above companies have been consolidated into the group financial statements and accompanying notes on a pro rata basis from the date of each acquisition being since 22 September 2015 for Appointuit Pty Ltd and 15 December 2015 for Jayex Technology Limited respectively. Both entities are now wholly-owned subsidiaries of Jayex Healthcare Limited.

In addition, the Company also successfully listed on the Australian Securities Exchange ("ASX") on 17 December 2015 via an Initial Public Offering ("IPO") of 25 million shares at 32 cents per share, raising funds of \$8,000,000.

The Company's focus has been to efficiently integrate the acquired company's into the group, which has been achieved, with the process assisted by Company's experience with the Enlighten product through a prior product licencing agreement with Jayex Technology Limited which had commenced in 2013.

### Australia Operations

In the six months to December 2015 the Company has continued with the successful commercialisation of the Enlighten patient workflow platform, having sold 59 Enlighten check-in kiosks, 9 calling screens and 4 tablet solutions. In total to date, Jayex has deployed 118 Enlighten devices to customers in Australia, including 13 to hospitals and 105 to GP clinics. Sales in the six-month period to 31 December 2015 for the Enlighten platform in Australia were \$674,000, compared to \$741,000 in the twelve-month period to 30 June 2015.

The Company also commenced Enlighten trials with three major Australian medical centre operators in late December 2015.

With regards to the Appointuit patient engagement solution, subscribers have grown steadily over the six months to December from 2,096 to 2,291, representing an increase of 9.3%. Appointuit Pty Ltd delivered top line revenue of \$153,000 in the period from 22 September 2015 to 31 December 2015 and a small loss of \$34,000 over that period.

Integration of the Enlighten and Appointuit technologies within the Group continues and has also meant the Company has been able to commence cross-selling of its technology products between existing Australian Appointuit and Enlighten customers with early results encouraging.

### United Kingdom Operations

Jayex Technology Limited and the Enlighten product has a strong history and is well established in United Kingdom. Jayex Technology Limited is a key component of the Group's overall strategy and has continued to be a profitable business in 2015. To date, the Enlighten platform has been deployed across a number of clinics and hospitals in the

United Kingdom. The 31 December 2015 Financial Report includes only 15 days of operations from Jayex Technology Limited, in which the business delivered revenues of \$354,000 and a loss after tax of \$116,000, which reflects seasonality in the earnings of this business unit.

### **Significant changes in the state of affairs**

During the financial period the Company:

- issued 45,000 shares in August 2015 to Directors to settle prior year Directors' fees payable, following shareholder approval;
- undertook a one to five (1:5) share split in August 2015 whereby each existing issued share in the Company was converted to five fully paid ordinary shares in the Company;
- changed its name from Express RX Limited to Jayex Healthcare Limited in August 2015;
- appointed Mr Shane Tanner as a non-executive director of the Company in September 2015;
- acquired 100% of the issued capital of Appointuit Pty Ltd ("Appointuit") in September 2015, as detailed in Note 31 of the accompanying financial statements;
- issued 6,286,187 shares in the Company to the vendors of Appointuit in September 2015, as partial settlement for the acquisition of Appointuit;
- during September 2015, issued Convertible Notes to investors with a face value of \$1,000,000;
- undertook an Initial Public Offering of shares, completed in December 2015, issuing 25,000,000 shares raising \$8,000,000 before costs;
- converted all previously-issued Convertible Notes, plus accrued interest, and issued 3,772,739 shares upon conversion in December 2015;
- acquired 100% of the issued capital of Jayex Technology Limited ("Jayex UK") in December 2015, as detailed in Note 31 of the accompanying financial statements;
- issued 19,003,378 shares in the Company to the vendors of Jayex UK, in December 2015, as partial settlement for the acquisition of Jayex UK;
- listed on the Australian Securities Exchange on 17 December 2015.

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

### **Matters subsequent to the end of the financial period**

On 14 January 2016 Mr Agam Jain was appointed as an Executive Director of the consolidated entity.

On 2 February 2016 the consolidated entity granted 2,875,000 unquoted options to eligible employees in accordance with the consolidated entity's Employee Share Option Plan, at an exercise price of \$Nil, exercisable on or before 2 February 2019.

On 18 March 2016 Appointuit Pty Ltd (Appointuit), a wholly-owned subsidiary of the Company, was served with a Statement of Claim filed by with PKF Corporate Finance (NSW) Pty Limited (PKF). The Statement of Claim seeks an order that Appointuit pay PKF a sum of \$174,142.65 in relation to a contract entered into by Appointuit and PKF before Appointuit was acquired by the Company.

As at the date of this financial report Appointuit is seeking legal advice in respect to the Statement of Claim, but its present intention, pending receipt of that advice, is to defend the claim.

No other matter or circumstance has arisen since 31 December 2015 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.

### **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:

The business objectives for 2016 will be a continued focus on the successful commercialisation of the Enlighten patient workflow platform, and ongoing development and commercialisation of the Appointuit patient engagement solution in the Australian market. The Company is aiming to grow its market share for its products not only through the Australian GP clinics and hospitals, but also through the Australian Allied Healthcare Professional (AHP) market, which includes chiropractors, physiotherapists, optometrists, naturopaths and other healthcare providers.

With regards to the United Kingdom business, the Company's aim is to continue to grow the profitability of the business through gaining greater market share with Enlighten product and also exploring opportunities for introducing some of the Company's other technologies such as Appointuit and Pharmacy Delivery 2 U (p2u). Further, the UK business is examining opportunities in both Europe and North America in which to extend the Enlighten product range.

### **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

## Information on directors

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### Michael Boyd (appointed 4 April 2006)

Executive Chairman

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#### **Qualifications:**

B.Comm (UWA) Grad. Dip App Fin

#### **Experience and expertise:**

Michael Boyd is the Chairman of the Company and has been involved since its inception in 2004. Based in Melbourne, he has led the corporate structuring of the Company and the development of the Group's strategic vision. On a practical level he has initiated contacts with all stakeholder groups including professional bodies, regulatory boards, wholesale distributors and pharmacy groups and individuals.

Mr. Boyd has been involved in the creation of new enterprises, both in the private and public sectors, for over 25 years. Mr. Boyd has been successful in developing and growing new projects in diverse areas including healthcare, telecommunications and finance.

Trained as a Chartered Accountant, he was a founding Director and Chairman of Sonic Healthcare Ltd, now an ASX listed top 50 company. After leaving Sonic he started Foundation Healthcare, growing it to over 800 healthcare professionals before it was acquired by Sonic. He was also a founding partner of Iridium Satellite bringing it out from bankruptcy to now a NASDAQ listed company.

#### **Other current directorships:**

None

#### **Former directorships (last 3 years):**

None

#### **Interests in shares:**

80,937,685 fully paid ordinary shares

### John Allinson (appointed 4 April 2006)

Non-Executive Director

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#### **Qualifications:**

B.Design (Industrial) RMIT,  
P.Cert (Tech Comm) Melb Uni, MAICD

#### **Experience and expertise:**

Mr. Allinson brings to the Company management, commercialisation and technical new product development experience which fits closely with the needs of Jayex. He has worked as a new product development consultant, business manager and director with technology start-up companies, small to medium enterprises and multinational corporations both in Australia and internationally. He held the positions of General Manager of Soletron Technical Centre, Singapore, OEM Product Development Manager and Industrial Design Manager of Patria Design and Group General Manager, Inventure Development responsible for operations in the US and Singapore. Prior to joining Jayex Healthcare he was the interim CEO of BioSenz Pty Ltd involved in the early stage commercialisation of a rapid pathogen detection system.

Mr Allinson has led the design, systems and technical development and market development of the BluePoint® system since development work commenced in June 2005.

He presently holds the position of Automated Drug Management Systems Director for Lamson Healthcare Solutions P/L, which distributes automated medication management systems in hospital and retail pharmacy channels.

#### **Other current directorships:**

None

#### **Former directorships (last 3 years):**

None

#### **Special responsibilities:**

Member of Remuneration and Nomination Committee, member of Audit and Risk Committee

#### **Interests in shares:**

75,000 fully paid ordinary shares

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**Brian Renwick**  
**(appointed 1 July 2009)**

Non-Executive Director

---

**Qualifications:**

MBA, FCA, B.Bus (Accounting) Monash

**Experience and expertise:**

Mr. Renwick is very broadly experienced across the pharmaceutical and healthcare sector in Australia. His involvement with sector commenced in finance roles that led into commercial analysis, marketing and sales. From this broad commercial experience in the manufacturing end of the supply chain he moved into the wholesaling segment with various business development roles in retail and hospital pharmacy. Mr Renwick's roles broadened into commercial and business development including as general manager for a corporate pharmacy business. He has completed two Business Development roles within the CSL Limited group.

With his detailed commercial knowledge and broad experience across the healthcare segment, Brian has provided consulting advice to Jayex since 2006 and is an important member of the team.

**Other current directorships:**

None

**Former directorships (last 3 years):**

None

**Special responsibilities:**

Chairman of Audit and Risk Committee, member of Remuneration and Nomination Committee

**Interests in shares:**

95,000 fully paid ordinary shares

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**Shane Tanner**  
**(appointed 17 September 2015)**

Non-executive director

---

**Qualifications:**

FCCA, ACIS

**Experience and expertise:**

Mr Tanner is a former senior executive of the Mayne Group of companies, including inaugural CEO of Symbion Health, one of Australia's leading Pathology, Diagnostic Imaging and Primary Care businesses. He is also a former Optus Communications Board member and led the IPO of Optus.

Mr Tanner has vast commercial experience and is a leading healthcare professional, focusing on growing and consolidating various sectors of the Australian healthcare market.

**Other current directorships:**

Paragon Care Limited (appointed December 2005), Funtastic Limited (appointed March 2009), BGD Corporation Limited (appointed November 2014)

**Former directorships (last 3 years):**

Vision Eye Institute Limited (appointed December 2001 – retired November 2015), IPB Petroleum Limited (appointed October 2010 – retired May 2014)

**Special responsibilities:**

Chairman of Remuneration and Nomination Committee, member of Audit and Risk Committee

**Interests in shares:**

Nil

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**Agam Jain**  
**(appointed 14 January 2016)**

Executive Director

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**Qualifications:**

B Sc.

**Experience and expertise:**

Based in London, Mr Jain has over 30 years' experience as Managing Director of Jayex Technology Limited, with extensive hands on experience in mentoring management teams, sales, international business, CRM and Accounting systems.

He is a graduate in Physics from Imperial College, London and had many years of sales experience with multinationals in his early career, subsequently progressing to managing diverse business operations.

Mr Jain has been the founder of several successful companies in IT, finance, electronics and media.

**Other current directorships:**

None

**Former directorships (last 3 years):**

None

**Interests in shares:**

19,003,763 fully paid ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**

Ms Melanie Leydin was appointed Company Secretary on 19 August 2015. Ms Leydin is a Chartered Accountant and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer. Ms Leydin has over 23 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Securities Exchange.

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the period ended 31 December 2015, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Michael Boyd	7	7
John Allinson	5	7
Brian Renwick	7	7
Shane Tanner	5	5

Held: represents the number of meetings held during the time the director held office.

An Audit and Risk Committee and a Remuneration and Nomination Committee were established after 31 December 2015.

### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

#### **Principles used to determine the nature and amount of remuneration**

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'use of remuneration consultants' below), the Nomination and Remuneration Committee

has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

#### **Non-executive directors remuneration**

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company's affairs.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

#### **Executive remuneration**

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Following the recent ASX listing of the Company and the acquisition of new businesses, the Company is currently reviewing proposals for a short-term incentives ('STI') program. It is expected that any program would be designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments would be granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPIs are expected to include profit contribution, customer satisfaction, leadership contribution and product management.

The existing long-term incentives ('LTI') include long service leave and share-based payments, the latter comprising share options issued to the Jayex Australia divisional Chief Executive Officer. Details of these options are set out below. The Company is currently reviewing proposals for additional features for the LTI program.

#### **Consolidated entity performance and link to remuneration**

The remuneration of the Non-Executive Directors is not linked to the performance, share price or earnings of the Consolidated Entity.

Remuneration for certain executives is expected to be directly linked to the performance of the consolidated entity. As noted above the Company is currently reviewing proposals for the STI and LTI programs, which may be linked to the performance, share price or earnings of the Consolidated Entity.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years or, if the Company has been listed on the ASX for less than five years, the period from ASX listing to the date of this report.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

#### **Use of remuneration consultants**

During the financial period ended 31 December 2015, the consolidated entity engaged Crichton & Associates Pty Ltd, remuneration consultant, to provide advice and recommendations on the remuneration package for the Chief Executive Officer of the Jayex Australia business and the consultant provided the advice and recommendations as requested. The consultant was paid \$4,059 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Board is satisfied that these protocols were followed and as such there was no undue influence.

#### **Details of remuneration**

##### **Amounts of remuneration**

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 31 December 2015.

The key management personnel of the consolidated entity consisted of the following directors of Jayex Healthcare Ltd:

- Michael Boyd (Executive Chairman)
- John Allinson (Non-Executive Director)
- Brian Renwick (Non-Executive Director)
- Shane Tanner (Non-Executive Director) – appointed 17 September 2015

And the following persons:

- Rob Mantel (Chief Executive Officer – Jayex Australia Pty Ltd)
- Agam Jain (Executive Director – Jayex Technology Limited) – member of Key Management Personnel from 15 December 2015 and appointed as an Executive Director on 16 January 2016
- Nick Fernando (Chief Executive Officer – Jayex Technology Limited) – member of Key Management Personnel from 15 December 2015

31 December 2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Cash allowance	Super-annuation	Long service leave	Equity-settled - Options	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr B Renwick	7,500	-	-	-	-	-	7,500
Mr J Allinson	7,500	-	-	-	-	-	7,500
Mr S Tanner *	15,000	-	-	-	-	-	15,000
<i>Executive Directors:</i>							
Mr M Boyd	30,000	-	-	-	-	-	30,000
<i>Other Key Management Personnel:</i>							
Mr R Mantel	82,500	-	9,167	7,837	-	448,000	547,504
Mr A Jain**	-	-	-	-	-	-	-
Mr N Fernando **	8,882	-	-	-	-	-	8,882
	151,382	-	9,167	7,837	-	448,000	616,386

\* Mr Tanner was appointed as Non-Executive Director on 17 September 2015

\*\* Mr Jain and Mr Fernando became members of key management personnel on 15 December 2015, the date the consolidated entity acquired Jayex Technology Limited. Mr Jain was appointed as an Executive Director on 16 January 2016.

30 June 2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Cash allowance	Super-annuation	Long service leave	Equity-settled - Options	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
John Allinson *	10,000	-	-	-	-	-	10,000
Brian Renwick *	10,000	-	-	-	-	-	10,000
<i>Executive Directors:</i>							
Michael Boyd *	10,000	-	-	-	-	-	10,000
	30,000	-	-	-	-	-	30,000

\* Directors' fees for the year ended 30 June 2015 were accrued as at 30 June 2015 and were settled by issues of shares in the Company to the respective directors in August 2015, following shareholder approval. Accordingly, the relevant remuneration amounts are contained in remuneration for the year ended 30 June 2015 as disclosed in the above table and are not included in the disclosed remuneration for the period ended 31 December 2015.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015
<b>Non-Executive Directors:</b>						
Mr B Renwick	100%	100%	-	-	-	-
Mr J Allinson	100%	100%	-	-	-	-
Mr S Tanner	100%	-	-	-	-	-
<b>Executive Directors:</b>						
Mr M Boyd	100%	100%	-	-	-	-
<b>Other Key Management Personnel:</b>						
Mr R Mantel	18%	-	-	-	82%	-
Mr N Fernando	100%	-	-	-	-	-

#### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

#### **Michael Boyd**

Executive Chairman

#### **Agreement commenced:**

1 November 2015

#### **Term of agreement:**

No fixed term. Company may terminate agreement with 10 business days' notice. Mr Boyd may terminate the agreement with 30 business days' notice.

#### **Details:**

Fee payable is \$15,000 per month (including superannuation) for provision of Executive Chairman services.

#### **Rob Mantel**

Chief Executive Officer – Jayex Australia Pty Ltd

#### **Agreement commenced:**

1 July 2015

#### **Term of agreement:**

No fixed term. Each party may terminate the agreement by giving 6 months' notice. The Company may make payment in lieu of part of all of the notice period. In case of redundancy, the executive may be entitled to any redundancy payments in accordance with legislation.

#### **Details:**

Annual base salary package of \$219,000 (including superannuation).

The Executive may participate in the Company's short-term incentive scheme (STI) and long-term incentive scheme (LTI) under the Company's in operation from time to time.

The relevant terms of the STI are currently being confirmed by the Company.

Mr Mantel has been issued LTI interests, being share options issued under the Company's Employee Share Option Plan. Details of these options are:

- number of options issued: 2,500,000
- grant date: 2 February 2016
- vesting terms:
  - options vest only upon satisfaction of performance conditions, being the successful completion of the Company's Initial Public Offering and successful completion of the acquisitions of the JUK and Appointuit businesses. These performance conditions were met during the financial period;
  - 1,000,000 options vest on grant date;
  - 750,000 options vest 31 December 2016, provided executive remains employed with the Group on that date;
  - 750,000 options vest 31 December 2017, provided executive remains employed with the Group on that date;
  - exercise price: Nil;
  - expiry date: 2 February 2019

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#### **Nick Fernando**

Chief Executive Officer, Jayex Technology Limited

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#### **Agreement commenced:**

Effective commencement date with Jayex Healthcare Limited Group – 15 December 2015

#### **Term of agreement:**

No fixed term. Each party may terminate the agreement by giving one months' notice. The Company may make payment in lieu of part of all of the notice period.

#### **Details:**

Base salary £135,000 per annum.

The relevant terms of participation in the Group STI and LTI plans are currently being confirmed by the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### **Issue of shares**

Details of shares issued to directors as part of compensation during the year ended 31 December 2015 are set out below. These shares were issued as payment of accrued directors' fees relating to the years ended 30 June 2014 and 30 June 2015 and did not relate to directors' remuneration for the period ended 31 December 2015. Accordingly, the value of these shares is not included in the "Details of remuneration" for the period ended 31 December 2015 disclosed elsewhere in this report. These shares were issued prior to the 1 to 5 share split.

<b>Name</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Michael Boyd	19 August 2015	15,000	\$1.30	19,500
John Allinson	19 August 2015	15,000	\$1.30	19,500
Brian Renwick	19 August 2015	15,000	\$1.30	19,500

### Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2015.

However, a grant of options to Mr R Mantel made on 2 February 2016 was made in accordance with an executive service agreement made prior to 31 December 2015. Accordingly a relevant amount of the options was recorded as an expense during the period ended 31 December 2015 and is included in the details of Mr Mantel's remuneration for that period disclosed in this report.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period or future reporting years are as follows:

<b>Grant date</b>	<b>Vesting date and exercisable date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Fair value per option at grant date</b>
2 February 2016 – 1,000,000 options	2 February 2016	2 February 2019	\$0.00	\$0.320
2 February 2016 – 750,000 options	31 December 2016, subject to continued employment at that date	2 February 2019	\$0.00	\$0.320
2 February 2016 – 750,000 options	31 December 2017, subject to continued employment at that date	2 February 2019	\$0.00	\$0.320

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the period ended 31 December 2015. However, as noted above, a grant of options to Mr R Mantel made on 2 February 2016, after the period ended 31 December 2015, was made in accordance with an executive service agreement made prior to 31 December 2015. Accordingly a relevant amount of the options was recorded as an expense during the period ended 31 December 2015 and is included in the details of Mr Mantel's remuneration for that period disclosed in this report.

### Additional information

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	<b>Listing date – 17 December 2015</b>	<b>31 December 2015</b>
Share price at listing date/financial year end (\$)	0.320	0.300

As the Company was first listed on the Australian Securities Exchange (ASX) on 17 December 2015, there is no relevant information regarding the Consolidated Entity's earnings and performance in the reporting period or past financial years. The table above shows, for information purposes, the closing market price of the Company's shares on the ASX on the listing date of 17 December 2015 and the last day of the reporting period, 31 December 2015.

**Additional disclosures relating to key management personnel**

**Shareholding**

The number of shares in the Company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	<b>Balance at the start of the period</b>	<b>Received as part of remuneration</b>	<b>Additions*</b>	<b>Disposals/ other</b>	<b>Balance at the end of the period</b>
<b>Ordinary shares</b>					
Mr M Boyd	16,172,477	-	64,764,908	-	80,937,385
Mr B Renwick	4,000	-	91,000	-	95,000
Mr J Allinson	-	-	75,000	-	75,000
Mr R Mantel	30,000	-	120,000	-	150,000
Mr A Jain	-	-	19,003,378	-	19,003,378
	16,206,477	-	84,054,286	-	100,260,763

\* The additions for Messrs Boyd, Renwick, Allinson and Mantel include additional shares issued to them pursuant to the 1:5 share split in August 2015.

**Other transactions with key management personnel and their related parties**

During the financial period, existing loans from directors were repaid by the Consolidated Entity. Details of these transactions are disclosed in Note 28 of the accompanying financial statements.

**This concludes the remuneration report, which has been audited.**

**Shares under option**

Unissued ordinary shares of Jayex Healthcare Ltd under option at the date of this report are as follows:

<b>Grant date</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number under option</b>
2 February 2016	2 February 2019	\$0.00	2,875,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

**Shares issued on the exercise of options**

There were no ordinary shares of Jayex Healthcare Ltd issued on the exercise of options during the period ended 31 December 2015 and up to the date of this report.

### **Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

### **Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd**

There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

### **Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 on page 26.

### **Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Michael Boyd  
Executive Chairman

30 March 2016  
Melbourne

# Auditor's Independence Declaration



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525 Collins St  
Melbourne Victoria 3000

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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 audit of Jayex Healthcare Limited for the period ended 31 December 2015, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink that reads "B.A. Mackenzie".

B.A. Mackenzie  
Partner - Audit & Assurance

Melbourne, 30 March 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# Financial statements



# Jayex Healthcare Ltd

## Statement of profit or loss and other comprehensive income

For the period ended 31 December 2015

		31 December 2015	Consolidated
	Note	\$'000	30 June 2015
			\$'000
<b>Revenue and other income</b>	4	1,181	823
<b>Expenses</b>			
Raw materials and consumables used		(521)	(330)
Employee benefits expense		(942)	(229)
Professional services expenses		(212)	(138)
Depreciation and amortisation expense	5	(397)	(6)
Consultancy expenses		(313)	(708)
Travel expenses		(127)	(145)
Other expenses		(312)	(101)
Finance costs	5	(110)	(26)
Listing and acquisition expenses		(1,222)	-
<b>Loss before income tax benefit</b>		(2,975)	(860)
Income tax benefit	6	73	-
<b>Loss after income tax benefit for the period attributable to the owners of Jayex Healthcare Ltd</b>		(2,902)	(860)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(84)	-
Other comprehensive income for the period, net of tax		(84)	-
<b>Total comprehensive income for the period attributable to the owners of Jayex Healthcare Ltd</b>		(2,986)	(860)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	36	(2.779)	(0.900)
Diluted earnings per share	36	(2.779)	(0.900)

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 31 December 2015

		31 December 2015	Consolidated
	Note	\$'000	30 June 2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	4,637	29
Trade and other receivables	8	1,446	197
Inventories	9	273	36
Other	10	75	-
<b>Total current assets</b>		<b>6,431</b>	<b>262</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	128	30
Intangibles	12	17,161	586
<b>Total non-current assets</b>		<b>17,289</b>	<b>616</b>
<b>Total assets</b>		<b>23,720</b>	<b>878</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	3,066	1,134
Borrowings	14	32	227
Employee benefits	15	85	-
Provisions	16	272	-
Other	17	1,492	-
<b>Total current liabilities</b>		<b>4,947</b>	<b>1,361</b>
<b>Non-current liabilities</b>			
Borrowings	18	17	23
Deferred tax	19	2,734	-
Payables	20	2,214	-
Other	21	-	86
<b>Total non-current liabilities</b>		<b>4,965</b>	<b>109</b>
<b>Total liabilities</b>		<b>9,912</b>	<b>1,470</b>
<b>Net assets/(liabilities)</b>		<b>13,808</b>	<b>(592)</b>
<b>Equity</b>			
Issued capital	22	24,588	7,650
Reserves	23	364	-
Accumulated losses	24	(11,144)	(8,242)
<b>Total equity/(deficiency)</b>		<b>13,808</b>	<b>(592)</b>

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 changes in equity

For the period ended 31 December 2015

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Options reserve \$'000</b>	<b>Foreign exchange reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total deficiency \$'000</b>
Balance at 1 July 2014	6,614	-	-	(7,382)	(768)
Loss after income tax expense for the period	-	-	-	(860)	(860)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(860)	(860)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	1,036	-	-	-	1,036
Balance at 30 June 2015	7,650	-	-	(8,242)	(592)

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Options reserve \$'000</b>	<b>Foreign exchange reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2015	7,650	-	-	(8,242)	(592)
Loss after income tax benefit for the period	-	-	-	(2,902)	(2,902)
Other comprehensive income for the period, net of tax	-	-	(84)	-	(84)
Total comprehensive income for the period	-	-	(84)	(2,902)	(2,986)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	16,938	-	-	-	16,938
Share-based payments (note 37)	-	448	-	-	448
Balance at 31 December 2015	24,588	448	(84)	(11,144)	13,808

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 cash flows

For the period ended 31 December 2015

	<b>Consolidated</b>		
	<b>Note</b>	<b>31 December 2015 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,261	897
Payments to suppliers and employees (inclusive of GST)		(3,449)	(1,292)
		(2,188)	(395)
R&D tax incentive received		82	27
Interest and other finance costs paid		(4)	(26)
Net cash used in operating activities	34	(2,110)	(394)
<b>Cash flows from investing activities</b>			
Payment for business acquisitions (net of cash acquired upon acquisitions)		(511)	-
Payments for intangibles	12	(7)	-
Net cash used in investing activities		(518)	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,000	416
Proceeds from issues of convertible notes		1,000	-
Proceeds from borrowings from related parties		-	13
Repayment of borrowings		(1,241)	-
Repayment of shareholders loan		(216)	-
Mortgage payments		(5)	(7)
Share issue transaction costs		(240)	-
Net cash from financing activities		7,298	422
Net increase in cash and cash equivalents		4,670	28
Cash and cash equivalents at the beginning of the financial period		29	1
Effects of exchange rate changes on cash and cash equivalents		(62)	-
Cash and cash equivalents at the end of the financial period	7	4,637	29

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

# Jayex Healthcare Ltd

## Notes to the financial statements

31 December 2015

### Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

During the current financial period, Jayex Healthcare Ltd changed its financial year end from 30 June to 31 December, in order to align the consolidated entity's financial year end with that of its major subsidiary, Jayex Technology Limited, which is based in the United Kingdom. The financial year ends of Jayex Healthcare Ltd's other subsidiaries, and of the consolidated entity, were also amended to 31 December in order to synchronise them with the financial year end of Jayex Healthcare Ltd.

As a result of these changes:

- the current financial year reported in these financial statements is the six month period ended 31 December 2015, chosen to align with its new financial year end;
- the previous financial year, for which comparative information is disclosed, is the year ended 30 June 2015. The amounts presented in these financial statements are not entirely comparable, as:
  - the current period closing balances disclosed in the statement of financial position, statement of changes in equity and supporting information are as at 31 December 2015, whereas the comparative information is as at 30 June 2015; and
  - the current period amounts disclosed in the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flow and supporting information are for the six month period ended 31 December 2015, whereas the comparative information is for the year ended 30 June 2015.

### New, revised or amending Accounting Standards and Interpretations adopted

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

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

### Going concern

The consolidated entity incurred a net loss after tax for the financial period ended 31 December 2015 of \$2,902,000 (year ended June 2015: \$860,000) and had net cash outflows from operating activities of \$2,110,000 (year ended June 2015: \$394,000).

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:

- the operating loss and operating cash flow outcomes for the period ended 31 December 2015 reflect the results of the consolidated entity's major activities during that period, being the following interrelated structural projects, which were not directly revenue-generating nor cash-flow positive:
  - negotiating, arranging and executing two significant business acquisitions, which have delivered into the consolidated entity businesses which are forecast to be profitable and to generate positive operating cash flows;
  - successfully undertaking a major Initial Public Offering;
  - successfully undertaking an issue of convertible notes, which were fully converted to shares; and
  - undertaking the Company's listing on the Australian Securities Exchange (ASX);
- the abovementioned cash flow-negative activities are not expected to recur in the short term, with the consolidated entity planning to consolidate its operating activities at a profitable and cash flow-positive level going forward;
- The Board is of the opinion that the consolidated entity has 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.

## **Note 1. Significant accounting policies (continued)**

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### **Critical accounting estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jayex Healthcare Ltd ('Company' or 'parent entity') as at 31 December 2015 and the results of all subsidiaries for the period then ended. Jayex Healthcare Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Jayex Healthcare Ltd's functional and presentation currency.

### **Foreign currency transactions**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### **Foreign operations**

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

### **Sale of goods**

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

### **Rendering of services**

Rendering of services revenue from computer maintenance/service fees is recognised by reference to the stage of completion of the contracts.

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

## **Note 1. Significant accounting policies (continued)**

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the

present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

### **Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### **Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost.

### **Note 1. Significant accounting policies (continued)**

Intangible assets with indefinite useful lives are not amortised, but treated for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### **Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when

determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

#### **Research and development**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 years.

#### **Patents and trademarks**

All patent and trademark costs for the year are capitalised in the statement of financial position at cost. The patents and trademarks have not yet commenced to be amortised as the technology related to the relevant patents and trademarks is still under development and has not yet reached the stage where it is ready for use by the company as intended by management.

#### **Software**

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3-5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

#### **Customer relationships**

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight-line basis generally over the assets' estimated useful lives of 3 years.

## **Note 1. Significant accounting policies (continued)**

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### **Employee benefits**

#### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### **Defined contribution superannuation expense**

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### **Share-based payments**

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

### **Note 1. Significant accounting policies (continued)**

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

#### **Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to the owners of Jayex Healthcare Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for share splits or bonus elements in ordinary shares issued during the financial period.

#### **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **Note 1. Significant accounting policies (continued)**

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **New Accounting Standards and Interpretations issued, not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### **AASB 9 Financial Instruments**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity

instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018. The impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have material impact on the consolidated entity.

#### **AASB 15 Revenue from Contracts with Customers**

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the

## Note 1. Significant accounting policies (continued)

costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018. The impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have material impact on the consolidated entity.

### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

This standard:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117;
- requires new and different disclosures about leases.

The consolidated entity will adopt this standard from 1 January 2019. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 31 December 2019 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses; and
- Operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

**Note 2. Critical accounting judgements,  
estimates and assumptions (continued)**

**Contingent consideration**

The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

**Business combinations**

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The business combinations also included estimations to be made regarding the probability of contingent consideration payments. These estimations will be assessed at each reporting date and adjusted as 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 at least a monthly basis.

#### Major customers

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

#### Operating segment information

Consolidated Dec 2015	Australia \$'000	United Kingdom \$'000	Total reportable segments \$'000
<b>Revenue</b>			
Sales to external customers	827	354	1,181
Total sales revenue	827	354	1,181
Segment operating expenses	(1,586)	(393)	(1,979)
<b>EBITDA</b>	<b>(759)</b>	<b>(39)</b>	<b>(798)</b>

Consolidated June 2015	Australia \$'000	United Kingdom \$'000	Total reportable segments \$'000
<b>Revenue</b>			
Sales to external customers	741	–	741
Total sales revenue	741	–	741
Operating expenses	(1,677)	–	(1,677)
<b>EBITDA</b>	<b>(936)</b>	<b>–</b>	<b>(936)</b>

**Note 3. Operating segments (continued)**

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:

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Total reportable segment revenues	1,181	741
Interest income	–	–
Other revenue	–	82
<b>Group revenues</b>	<b>1,181</b>	<b>823</b>

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit or loss</b>		
Total reportable segment EBITDAs	(798)	(936)
Other income	–	82
Depreciation and amortisation expense	(397)	(6)
Share-based payments expense	(448)	–
Capital raising and acquisition expenses	(1,222)	–
Interest expense	(110)	–
Income tax (expense)/benefit	73	–
<b>Group profit/(loss) after income tax expense/benefit</b>	<b>(2,902)</b>	<b>(860)</b>

**Geographical information**

	<b>Sales to external customers</b>	<b>Sales to external customers</b>	<b>Geographical non-current assets</b>	<b>Geographical non-current assets</b>
	<b>31 December 2015</b>	<b>30 June 2015</b>	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Australia	827	741	5,838	616
United Kingdom	354	–	11,451	–
	1,181	741	17,289	616

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 and other income**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
<b>Sales revenue</b>		
Sales revenue	1,181	741
<b>Other income</b>		
R&D tax incentive	-	82
Revenue and other income	1,181	823

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses. Some parts of these businesses were acquired at different times of the reporting period and relevant revenue has been recognised in the Consolidated Entity from the respective acquisition dates as follows:

- Appointuit (through acquisition of Appointuit Pty Ltd): 22 September 2015;
- Enlighten UK (through acquisition of Jayex Technology Limited): 15 December 2015.

**Note 5. Expenses**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Loss before income tax includes the following specific expenses:		
<i><b>Depreciation</b></i>		
Plant and equipment	5	6
<i><b>Amortisation</b></i>		
Development	29	-
Software	303	-
Customer relationships	60	-
Total amortisation	392	-
Total depreciation and amortisation	397	6
<i><b>Finance costs</b></i>		
Interest and finance charges paid/payable	110	26
<i><b>Rental expense relating to operating leases</b></i>		
Minimum lease payments	39	40
<i><b>Superannuation expense</b></i>		
Defined contribution superannuation expense	29	10
<i><b>Share-based payments expense</b></i>		
Share-based payments expense	448	-
<i><b>Employee benefits expense excluding superannuation and share based payments</b></i>		
Employee benefits expense excluding superannuation and share based payments	465	219
Total employee benefits expense	942	229

**Note 6. Income tax benefit**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
<b>Income tax benefit</b>		
Current tax	36	-
Deferred tax – origination and reversal of temporary differences	(109)	-
Aggregate income tax benefit	(73)	-
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 19)	(109)	-
<b>Numerical reconciliation of income tax benefit and tax at the statutory rate</b>		
Loss before income tax benefit	(2,975)	(860)
Tax at the statutory tax rate of 30%	(893)	(258)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	134	-
Non-deductible research & development costs	-	55
Non-assessable R&D tax incentive receivable	-	(25)
Tax rate differential	8	-
Other non-deductible items	52	-
Deferred tax asset for temporary differences not recognised	357	9
	(342)	(219)
Current period tax losses not recognised	269	219
Income tax benefit	(73)	-
	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
<b>Tax losses not recognised</b>		
Unused tax losses for which no deferred tax asset has been recognised	4,916	4,020
Potential tax benefit @ 30%	1,475	1,206

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 7. Current assets – cash and cash equivalents**

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Cash on hand	4,637	29

**Note 8. Current assets – trade and other receivables**

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Trade receivables	1,326	74
Other receivables	17	-
R&D refund receivable	-	82
GST receivable	103	41
	1,446	197

As at 31 December 2015 there were no material receivables amounts past due therefore there were no amounts past due but not impaired (30 June 2015 – Nil).

**Note 9. Current assets – inventories**

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Stock on hand – at cost	273	36

**Note 10. Current assets – other**

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Prepayments	75	-

**Note 11. Non-current assets – property, plant and equipment**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Motor vehicles – at cost	76	36
Less: Accumulated depreciation	(29)	(6)
	47	30
Computer equipment – at cost	8	-
Less: Accumulated depreciation	(6)	-
	2	-
Office equipment – at cost	278	-
Less: Accumulated depreciation	(204)	-
	74	-
Furniture and fittings – at cost	52	-
Less: Accumulated depreciation	(47)	-
	5	-
	128	30

**Reconciliations**

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

<b>Consolidated</b>	<b>Furniture &amp; fittings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Motor vehicle</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2014	-	-	-	-	-
Additions	-	-	-	36	36
Depreciation expense	-	-	-	(6)	(6)
Balance at 30 June 2015	-	-	-	30	30
Additions through business combinations (note 31)	5	75	2	21	103
Depreciation expense	-	(1)	-	(4)	(5)
Balance at 31 December 2015	5	74	2	47	128

**Note 12. Non-current assets – intangibles**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Goodwill – at cost	6,402	-
Development – at cost	1,145	-
Less: Accumulated amortisation	(29)	-
	1,116	-
Patents and trademarks – at cost	586	586
Software platform – at cost	7,933	-
Less: Accumulated amortisation – software	(303)	-
	7,630	-
Customer relationships – at cost	1,487	-
Less: Accumulated amortisation – Customer relationships	(60)	-
	1,427	-
	17,161	586

**Reconciliations**

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

<b>Consolidated</b>	<b>Goodwill</b>	<b>Patents &amp; trademarks</b>	<b>Development</b>	<b>Software</b>	<b>Customer relationships</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2014	-	586	-	-	-	586
Balance at 30 June 2015	-	586	-	-	-	586
Additions through business combinations (note 31)	6,402	-	1,173	7,933	1,487	16,995
Additions	-	-	7	-	-	7
Exchange differences	-	-	(35)	-	-	(35)
Amortisation expense	-	-	(29)	(303)	(60)	(392)
Balance at 31 December 2015	6,402	586	1,116	7,630	1,427	17,161

During the financial year, 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 now has 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.

The valuation of intangibles recognised as part of the various business combinations has been provisionally measured. The company will finalise its provisional acquisition accounting in the coming financial reporting period.

**Note 12. Non-current assets – intangibles (continued)**

**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.

**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:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Enlighten (United Kingdom)	5,127	-
Appointuit (Australia)	1,275	-
Goodwill allocation at period end	6,402	-

**Note 13. Current liabilities – trade and other payables**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Trade payables	1,419	1,045
Accrued expenses	231	79
Current consideration payable on business acquisition	1,098	-
GST payable	93	-
Other payables	225	10
	3,066	1,134

Refer to note 25 for further information on financial instruments.

The current consideration payable on business acquisition relates to the acquisition of Jayex Technology Limited and was paid in full after the end of the reporting period. Refer Note 26 for further information.

**Note 14. Current liabilities – borrowings**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Loans	21	217
Chattel mortgage	11	10
	32	227

Refer to note 25 for further information on financial instruments.

**Total secured liabilities**

The total secured liabilities are as follows:

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Chattel mortgage	28	33

The chattel mortgage has a term of 4 years from September 2014.

**Assets pledged as security**

The chattel mortgage, which financed the acquisition of a motor vehicle, is effectively secured as the rights to the financed assets, recognised in the statement of financial position, revert to the financier in the event of default.

The carrying amounts of assets pledged as security for current borrowings are:

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Motor vehicle	27	31

**Note 15. Current liabilities – employee benefits**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Annual leave	85	-

**Note 16. Current liabilities – provisions**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Provision for warranties	219	-
Provision for credit notes	53	-
	272	-

**Note 17. Current liabilities – other**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Deferred revenue	1,392	-
Contingent consideration	100	-
	1,492	-

Deferred revenue represents sales invoiced in advance of the provision of contracted services.

**Note 18. Non-current liabilities – borrowings**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Chattel mortgage	17	23

Refer to note 25 for further information on financial instruments.

**Note 19. Non-current liabilities – deferred tax**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Intangible assets arising from business combinations	2,734	-
Deferred tax liability	2,734	-
<b>Movements:</b>		
Credited to profit or loss (note 6)	(109)	-
Additions through business combinations (note 31)	2,843	-
Closing balance	2,734	-

**Note 20. Non-current liabilities – payables**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Contingent consideration payable on business acquisition	2,214	-

Contingent consideration payable on business acquisition

The contingent consideration payable on business acquisition relates to the acquisition of Appointuit Pty Ltd. Refer Note 31 for further information.

**Note 21. Non-current liabilities – other**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Deferred consideration	-	86

**Note 22. Equity – issued capital**

	31 December 2015 Shares	30 June 2015 Shares	Consolidated	
			31 December 2015 \$'000	30 June 2015 \$'000
Ordinary shares – fully paid	150,997,874	19,342,114	24,588	7,650

*Movements in ordinary share capital*

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2014	18,494,760		6,614
Shares issued to investors	21 July 2014	219,200	\$1.00	219
Shares issued to investors	31 October 2014	151,385	\$1.30	197
Employee share issue	31 October 2014	23,077	\$1.30	30
Shares issued to settle consultant fees payable	31 October 2014	30,615	\$1.30	40
Shares issued on conversion of related party loan	6 November 2014	423,077	\$1.30	550
Balance	30 June 2015	19,342,114		7,650
Issue of shares in lieu of Directors fees	21 August 2015	45,000	\$1.30	59
Share split 1:5	21 August 2015	77,548,456	\$0.00	-
Issue of shares to Appointuit vendors	22 September 2015	6,286,187	\$0.32	2,012
Conversion of convertible notes	15 December 2015	3,772,739	\$0.27	1,026
Issue of shares to JUK vendors	15 December 2015	19,003,378	\$0.32	6,081
Initial public offering	15 December 2015	25,000,000	\$0.32	8,000
Capital raising costs		-	\$0.00	(240)
Balance	31 December 2015	150,997,874		24,588

**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.

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.

### Note 23. Equity – reserves

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Foreign currency reserve	(84)	-
Share-based payments reserve	448	-
	364	-

#### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

#### Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

#### Movements in reserves

Movements in each class of reserve during the current and previous financial period are set out below:

Consolidated	Foreign currency reserve \$'000	Share-based payments reserve \$'000	Total \$'000
Balance at 1 July 2014	-	-	-
Balance at 30 June 2015	-	-	-
Foreign currency translation	(84)	-	(84)
Amortisation of share based employee incentives	-	448	448
Balance at 31 December 2015	(84)	448	364

### Note 24. Equity – accumulated losses

	31 December 2015 \$'000	Consolidated 30 June 2015 \$'000
Accumulated losses at the beginning of the financial period	(8,242)	(7,382)
Loss after income tax benefit for the period	(2,902)	(860)
Accumulated losses at the end of the financial period	(11,144)	(8,242)

## Note 25. Financial instruments

### Financial risk management objectives

The entity's principal financial instruments comprise cash and cash equivalents and loans receivable and payable. The main purpose of these financial instruments is to finance the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the entity's policy that no trading in financial instruments shall be undertaken.

There are no major risks arising from the entity's financial instruments, as no term deposits/cash investments are maintained. Minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

### Market risk

#### Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity acquired a United Kingdom-based subsidiary, Jayex Technology Limited (JUK), incorporated in the United Kingdom, on 15 December 2015, shortly before the end of the reporting period. The activities, assets and liabilities of JUK are denominated in its functional currency, the Pound Sterling (GBP). The Consolidated Entity has 19% of its assets and 22% of its liabilities located in, or arising from activities carried out by, JUK. The Consolidated Entity expects to derive the majority of its revenue and its costs from JUK during the coming financial period.

This exposure could have a material effect on the results of the Consolidated Entity in the long term, in particular the exchange differences arising from the translation of the Consolidated Entity's net investment in JUK.

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rate	Reporting date exchange rate	Acquisition date exchange rate
	15 – 31 December 2015	31 December 2015	15 December 2015

#### Australian dollars

Pound sterling (GBP)	0.4843	0.4929	0.4779
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As noted above, foreign currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entity's functional currency, the Consolidated Entity as a whole did not face a material foreign currency risk as at reporting date and no sensitivity analysis has been prepared.

#### Price risk

The consolidated entity is not exposed to any significant price risk.

#### Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk.

As at reporting date the Consolidated Entity has cash at bank of \$4,637,000 and borrowings of \$49,000. Cash at bank as at reporting date is held in a number of bank accounts, operated by the Consolidated Entity's parent entity and its subsidiaries. Interest on bank accounts is insignificant.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

**Note 25. Financial instruments (continued)**

Other than trade receivables, the Consolidated Entity's main counterparties are major, reputable banks and government sales tax authorities. The Consolidated Entity is satisfied that the risk of default on the part of these counterparties is low.

The Group's management considers that all of the financial assets referred to above that are not impaired or past due at the reporting date are of good credit quality.

**Liquidity risk**

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated – 31 December 2015</b>	<b>Weighted average interest rate %</b>	<b>1 year or less \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Remaining contractual maturities \$'000</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,737	-	-	-	1,737
Accruals	-	231	-	-	-	231
Deferred revenue		1,392	-	-	-	1,392
Current consideration payable on business acquisition	-	1,098	-	-	-	1,098
Contingent consideration payable on business acquisitions	-	100	-	2,649	-	2,749
<i>Interest-bearing – fixed rate</i>						
Other loans	10.00%	5	-	-	-	5
Chattel mortgage	7.65%	12	12	8	-	32
Total non-derivatives		4,575	12	2,657	-	7,244
<b>Consolidated – 30 June 2015</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,134	-	-	-	1,134
<i>Interest-bearing – fixed rate</i>						
Other loans	10.00%	218	-	-	-	218
Chattel mortgage	7.65%	12	12	14	-	38
Total non-derivatives		1,364	12	14	-	1,390

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 26. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$</b>	<b>30 June 2015</b>
		<b>\$</b>
Short-term employee benefits	160,549	30,000
Post-employment benefits	7,837	-
Share-based payments	448,000	-
	<b>616,386</b>	<b>30,000</b>

**Note 27. Remuneration of auditors**

During the financial period the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$</b>	<b>30 June 2015</b>
		<b>\$</b>
<i>Audit services – Grant Thornton</i>		
Audit or review of the financial statements	50,000	12,000
<i>Other services – Grant Thornton</i>		
Investigating Accountant's Report and due diligence review	123,000	-
Tax consulting	14,600	-
Total amounts paid or payable to Grant Thornton	137,600	-
<i>Audit services – Network firms</i>		
Audit of the financial statements	48,000	-
	<b>235,600</b>	<b>12,000</b>

**Note 28. Commitments**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
<b>Lease commitments – operating</b>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	182	-
One to five years	615	-
	797	-

**Note 29. Related party transactions**

**Parent entity**

Jayex Healthcare Ltd is the parent entity.

**Subsidiaries**

Interests in subsidiaries are set out in note 32.

**Key management personnel**

Disclosures relating to key management personnel are set out in note 26 and the remuneration report in the directors' report.

**Transactions with related parties**

The following transactions occurred with related parties:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$</b>	<b>30 June 2015</b>
		<b>\$</b>
Other transactions:		
Interest accrued to Lirho Pty Ltd (an entity related to director Michael Boyd)	2,805	21,585
Interest accrued to Zezall Pty Ltd trading as Product Partners International Pty Ltd (an entity related to director John Allinson)	84	485
Premises rent paid or payable by Jayex Technology Limited to Jayex Group Limited (an entity controlled by Agam Jain, a member of Key Management Personnel)	6,453	-

**Note 29. Related party transactions (continued)**

***Receivable from and payable to related parties***

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$</b>	<b>30 June 2015</b>
		<b>\$</b>
Current payables:		
Trade payables to Zezall Pty Ltd trading as Product Partners International Pty Ltd (an entity related to director John Allinson)	-	31,995
Trade payables to Michael Boyd (director)	12,222	221,619
Trade payables to Covenant Holdings (WA) Pty Ltd (an entity related to director Michael Boyd)	143,934	188,598

The trade payables due to related parties were payable on demand and did not bear interest.

***Loans to/from related parties***

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$</b>	<b>30 June 2015</b>
		<b>\$</b>
Current borrowings:		
Loan from Lirho Pty Ltd (an entity related to director Michael Boyd)	4,722	210,443
Loan from Zezall Pty Ltd trading as Product Partners International Pty Ltd (an entity related to director John Allinson)	-	7,468

During the financial year ended 30 June 2015 an amount of \$550,000 of the loan payable to Lirho Pty Ltd was converted to 423,077 fully paid ordinary shares in the Company. This loan conversion was approved by a shareholders' meeting held on 6 November 2014.

***Terms and conditions***

The loan to the Company from Lirho Pty Ltd was substantially repaid as at 31 December 2015. The terms of the loan were as follows:

- a. The period of the Lirho Loan commenced at the time of advancing of funds to Jayex Healthcare Limited (JHC), and ceases with the final payment being received by Lirho.
- b. JHC may draw down loaned funds by making a written request to Lirho. At Lirho's discretion, the request funds may be loaned. Lirho will not unreasonably withhold requested funds.
- c. The loan shall be repaid within 2 years of the date of ASX listing of JHC shares (Listing Date) in equal quarterly instalments, or in lump sum in full within 2 years of the Listing Date if the net cash balance of JHC is sufficient to repay the loan in full.
- d. Simple Interest payable of 10% per annum applies.

**Note 30. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax	(2,460)	(407)
Total comprehensive income	(2,460)	(407)

*Statement of financial position*

	<b>Parent</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	2,776	18
Total assets	19,380	758
Total current liabilities	2,116	549
Total liabilities	4,330	635
Equity		
Issued capital	24,588	7,650
Share-based payments reserve	448	-
Accumulated losses	(9,986)	(7,527)
Total equity	15,050	123

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2015 and 30 June 2015.

*Contingent liabilities*

With the exception of any matter referred to Note 38 Contingent liabilities, the parent entity had no contingent liabilities as at 31 December 2015 and 30 June 2015.

*Capital commitments – Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2015 and 30 June 2015.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### **Note 31. Business combinations**

During the period ended 31 December 2015, the Consolidated Entity undertook two separate acquisitions of businesses owned by Jayex Technology Limited (Jayex UK) and Appointuit Pty Ltd (Appointuit) as part of its business strategy to acquire a set of complementary technologies in the health services sector. The following comments apply generally to all acquisitions during the period.

The factors that make up the goodwill recognised in relation to the respective business combinations include: expected synergies from combining operations of a number of similar and complementary acquired businesses and increasing efficiencies by using common systems across the businesses.

In relation to the business acquisitions, the Consolidated Entity has performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the balance sheet, the assets and liabilities have been recorded at their provisional fair values. Under Australian Accounting Standards, the Consolidated Entity has up to 12 months from the date of acquisition to complete its initial acquisition accounting. The Consolidated Entity has already commenced this exercise to consider the fair value of intangible assets acquired in the acquisitions. Any adjustments to the fair values, including associated tax adjustments, will have an equal and opposite impact on the goodwill recorded on acquisition. Accordingly, any such adjustments will have no impact on the aggregate of the net assets or the Consolidated Entity's net profit after tax with the exception of any amortisation charges. At the time of this report the total amount of goodwill that is expected to be deductible for tax purposes has not yet been determined.

Specific details of the different acquisitions are as follows. Australian dollar values shown are calculated using exchange rates at the time of the respective acquisition transactions.

It is estimated that, if the acquisitions of the businesses owned by Jayex UK and Appointuit occurred at the beginning of the current reporting period, 1 July 2015, the revenue and loss for the combined entity for the current reporting period would be \$4,119,000 and \$2,869,000 respectively.

#### ***Enlighten Business – Jayex Technology Limited***

Jayex Technology Limited (Jayex UK), was established in 1978 and has developed a number of technologies, including a patient self-arrival and check-in solution which has been developed into its current form as 'Enlighten'.

On 15 December 2015 Jayex Healthcare Limited (JHL) acquired 100% of the shares in Jayex UK. The total consideration paid by JHL for the Jayex UK shares was \$9,165,000, comprising: 19,003,378 JHL shares issued at their IPO issue price of \$0.32, totalling \$6,081,000; and cash of \$3,084,000, \$2,038,000 of which was payable upon acquisition date, and \$1,046,000 of which was payable in January 2016.

The acquired business contributed additional revenues of \$354,000 and loss after tax of \$116,000 to the Consolidated Entity for the period from 15 December 2015 to 31 December 2015.

**Note 31. Business combinations (continued)**

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	1,501
Trade and other receivables	1,228
Inventories	317
Other current assets	214
Plant and equipment	101
Development	1,173
Software	4,176
Customer relationships	994
Trade and other payables	(1,097)
Provisions	(277)
Revenue received in advance	(1,491)
Bank loans	(1,232)
Deferred tax liability	(18)
Deferred tax liability relating to acquired intangible assets	(1,551)
Net assets acquired	4,038
Goodwill	5,127
Acquisition-date fair value of the total consideration transferred	9,165
Representing:	
Cash paid or payable to vendor	3,084
Jayex Healthcare Ltd shares issued to vendor	6,081
	9,165
Acquisition costs expensed to profit or loss (Acquisition expenses)	168
Cash used to acquire business, net of cash acquired:	
Cash paid	2,037
Cash acquired	(1,501)
Net cash used	536

**Note 31. Business combinations (continued)**

***Appointuit Business – Appointuit Pty Ltd***

Appointuit is a patient engagement solution that optimises clinic workflow, replaces appointment systems, enables staff to engage with patients to provide tailored health care services, and allows patients to control booking of their medical appointments at their convenience with an on-line appointment booking function. The Appointuit business was developed and owned by Appointuit Pty Ltd.

On 22 September 2015 Jayex Healthcare Limited (JHL) acquired 100% of the shares in Appointuit Pty Ltd. The total consideration for the Appointuit Pty Ltd shares acquisition comprises:

- 6,286,187 JHL shares issued to the vendors upon acquisition. The shares were issued at their IPO issue price of \$0.32, totalling \$2,012,000;
- contingent consideration of up to 3,384,870 JHL shares to be issued to the vendors upon the Appointuit business achieving certain earnings targets over the period 1 July 2015 to 30 June 2019. The acquisition date fair value of this consideration component was estimated to be \$411,000; and
- contingent consideration of a cash incentive payment of up to \$10,000,000 to be paid to the vendors upon the Appointuit business achieving certain earnings targets over the period 1 July 2015 to 30 June 2019. The acquisition date fair value of this consideration component was estimated to be \$1,803,000.

The acquired business contributed additional revenues of \$153,000 and loss after tax of \$34,000 to the Consolidated Entity for the period from 22 September 2015 to 31 December 2015.

**Note 31. Business combinations (continued)**

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Cash and cash equivalents	25
Trade and other receivables	109
Plant and equipment	2
Software	3,757
Customer relationships	493
Trade and other payables	(96)
Provisions	(64)
Deferred tax liability relating to acquired intangible assets	(1,275)
<b>Net assets acquired</b>	<b>2,951</b>
<b>Goodwill</b>	<b>1,275</b>
<b>Acquisition-date fair value of the total consideration transferred</b>	<b>4,226</b>
Representing:	
Jayex Healthcare Ltd shares issued to vendor	2,012
Contingent consideration	2,214
	4,226
<b>Acquisition costs expensed to profit or loss (Acquisition expenses)</b>	<b>76</b>
Cash used to acquire business, net of cash acquired:	
<b>Cash acquired</b>	<b>(25)</b>

Reconciliation of Business Combinations cash paid to acquire businesses and cash acquired

	<b>Net cash acquired/(paid) \$000s</b>
Business combination	
Jayex Technology Limited	(536)
Appointuit Pty Ltd	25
<b>Total cash paid for business acquisitions (net of cash acquired) as per Statement of cash flows</b>	<b>(511)</b>

**Note 32. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2015 %	30 June 2015 %
Bluepoint International Pty Ltd	Australia	100.00%	100.00%
P2U Pty Ltd	Australia	100.00%	100.00%
Jayex Australia Pty Ltd	Australia	100.00%	100.00%
Express RX Pty Ltd (incorporated 17 August 2015)	Australia	100.00%	-
Jayex Technology Limited (acquired 15 December 2015)	United Kingdom	100.00%	-
Appointuit Pty Ltd (acquired 22 September 2015)	Australia	100.00%	-

**Note 33. Events after the reporting period**

On 14 January 2016 Mr Agam Jain was appointed as an Executive Director of the consolidated entity.

On 2 February 2016 the consolidated entity granted 2,875,000 unquoted options to eligible employees in accordance with the consolidated entity's Employee Share Option Plan, at an exercise price of \$Nil, exercisable on or before 2 February 2019.

On 18 March 2016 Appointuit Pty Ltd (Appointuit), a wholly-owned subsidiary of the Company, was served with a Statement of Claim filed by with PKF Corporate Finance (NSW) Pty Limited (PKF). The Statement of Claim seeks an order that Appointuit pay PKF a sum of \$174,142.65 in relation to a contract entered into by Appointuit and PKF before Appointuit was acquired by the Company.

As at the date of this financial report Appointuit is seeking legal advice in respect to the Statement of Claim, but its present intention, pending receipt of that advice, is to defend the claim.

No other matter or circumstance has arisen since 31 December 2015 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 34. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Loss after income tax benefit for the period	(2,902)	(860)
Adjustments for:		
Depreciation and amortisation	397	6
Share-based payments	448	70
Non-cash interest expense	80	-
Interest expense on convertible notes settled by share issues	26	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	89	18
Decrease/(increase) in inventories	80	(36)
Decrease in prepayments	139	6
Increase/(decrease) in trade and other payables	(274)	402
Decrease in deferred tax liabilities	(110)	-
Increase in employee benefits	21	-
Decrease in other provisions	(5)	-
Increase/(decrease) in deferred revenue	(99)	-
Net cash used in operating activities	(2,110)	(394)

**Note 35. Non-cash investing and financing activities**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Shares issued as consideration for business acquisitions	8,093	-
Deferred consideration payable for business acquisitions	3,260	-
Conversion of convertible notes and accrued interest to shares	1,026	-
Shares issued on conversion of loan	-	550
	12,379	550

**Note 36. Earnings per share**

	<b>31 December 2015</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>30 June 2015</b>
		<b>\$'000</b>
Loss after income tax attributable to the owners of Jayex Healthcare Ltd	(2,902)	(860)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	104,442,834	95,554,343
Weighted average number of ordinary shares used in calculating diluted earnings per share	104,442,834	95,554,343
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.779)	(0.900)
Diluted earnings per share	(2.779)	(0.900)

The weighted average number of ordinary shares for the year ended 30 June 2015 has been restated for the effect of the 1 to 5 share split completed in August 2015, in accordance with AASB 133 'Earnings per share'.

	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share (before restatement)	19,110,869
Adjustment required by AASB 133 'Earnings per share'	76,443,474
Weighted average number of ordinary shares used in calculating basic earnings per share (after restatement)	95,554,343

**Note 37. Share-based payments**

a. Employee options

A share option 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 key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

As at 31 December 2015 no options had been issued under the share option plan, however options granted to the Chief Executive Officer of Jayex Australia after 31 December 2015 were determined to relate to services performed during the period ended 31 December 2015 and, in accordance with Accounting Standards, amortisation of the value of the options was recognised as a share based payment expense during that period. The amount of the expense recognised was \$448,000 (June 2015: Nil).

**Note 37. Share-based payments (continued)**

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Deemed share price at effective grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/02/2016	02/02/2019	\$0.32	\$0.00	100.00%	-	1.87%	\$0.320

b. Shares issued to employees and third parties in return for services

The Company may, from time to time, issue shares to employee and third parties as consideration for goods and/or services provided to the Consolidated Entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated.

During the period ended 31 December 2015 the Company issued shares to directors to settle prior years' outstanding directors' fees, in accordance with shareholder approval given in August 2015. During the year ended 30 June 2015 the Company issued shares to an employee, and to settle outstanding invoices for fees due to suppliers in lieu of cash payments.

Details of these issues are as follows:

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>30 June 2015</b>
Shares issued to directors to settle outstanding prior year fees	58,500	-
Shares issued to employee as bonus	-	30,000
Shares issued to suppliers in lieu of cash payment	-	39,800
	<b>58,500</b>	<b>69,800</b>

The fair value of the shares issued was based on other recent share transactions. The full amount detailed above was recognised as an expense in the statement of profit or loss and other comprehensive income.

**Note 38. Contingent liabilities**

As noted in Note 33 Events after the reporting period, on 18 March 2016 Appointuit Pty Ltd (Appointuit), a wholly-owned subsidiary of the Company, was served with a Statement of Claim filed by with PKF Corporate Finance (NSW) Pty Limited (PKF). The Statement of Claim seeks an order that Appointuit pay PKF a sum of \$174,142.65 in relation to a contract entered into by Appointuit and PKF before Appointuit was acquired by the Company.

As at the date of this financial report Appointuit is seeking legal advice in respect to the Statement of Claim, but its present intention, pending receipt of that advice, is to defend the claim. Appointuit and the Company are of the view that no amount is payable by Appointuit in connection with this matter and therefore no provision in relation to this matter has been recorded in these financial statements.

# Jayex Healthcare Ltd

## Directors' declaration

**31 December 2015**

In the directors' opinion:

- the attached consolidated financial statements and notes comply, and the Remuneration report set out on pages 18 to 24 of the Directors' report, with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Michael Boyd  
Executive Chairman

30 March 2016  
Melbourne

# Independent Auditor's Report



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## **Independent Auditor's Report To the Members of Jayex Healthcare Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Jayex Healthcare Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

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

**Auditor's opinion**

In our opinion:

- a the financial report of Jayex Healthcare Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the period ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the period ended 31 December 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Jayex Healthcare Limited for the period ended 31 December 2015, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

B.A. Mackenzie  
Partner - Audit & Assurance

Melbourne, 30 March 2016

# Jayex Healthcare Ltd

## Shareholder information

31 December 2015

The shareholder information set out below was applicable as at 11 March 2016.

### Use of Cash

In accordance with ASX Listing Rule 4.10.10, the Consolidated Entity reports that, for the whole of the reporting period, it used the cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

### Corporate governance

Refer to the Company's Corporate Governance statement at: <http://jayexhealthcare.com.au/investor/corporate-governance/>.

There is no current on-market buy-back.

### Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Number of unquoted options	Number of holders of shares – ASX escrowed to 22 September 2016	Number of holders of shares – ASX escrowed to 30 September 2016	Number of holders of shares – ASX escrowed to 17 December 2017	Number of holders of ordinary shares
1 to 1,000	-	-	-	-	1
1,001 to 5,000	-	-	2	-	79
5,001 to 10,000	-	-	3	-	191
10,001 to 100,000	-	13	11	3	253
100,001 and over	3	6	1	4	65
	3	19	17	7	589
Holding less than a marketable parcel	-	-	-	-	1

**Equity security holders**

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
COVENANT HOLDINGS (WA) PTY LTD (BOYD#4 A/C)	16,127,280	10.68
STANTON PTY LTD (BOYD FAMILY A/C)	4,140,000	2.74
MR DEAN HENRY CLEARY (CLEARWAY INVESTMENTS A/C)	4,140,000	2.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	2,109,148	1.40
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,290,000	0.85
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED (NO 1 ACCOUNT)	1,250,000	0.83
HENSLOW PTY LTD	1,220,193	0.81
BERNE NO 132 NOMINEES PTY LTD (W 1253672 A/C)	1,093,750	0.72
DONOVAN PRODUCTS PTY LTD (THE DONOVAN PRODUCTS FAM A/C)	1,025,000	0.68
MOORE FAMILY NOMINEE PTY LTD (MOORE FAMILY SUPER FUND A/C)	836,490	0.55
EQUITAS NOMINEES PTY LIMITED (PB- 601187 A/C)	810,000	0.54
CITICORP NOMINEES PTY LIMITED	781,250	0.52
DR CHOON HUAT LEE	765,000	0.51
BODIE INVESTMENTS PTY LTD	690,000	0.46
E2GO LTD	638,096	0.42
TRUEBELL CAPITAL PTY LTD (TRUEBELL INVESTMENT FUND)	625,000	0.41
ZERO NOMINEES PTY LTD	593,400	0.39
STILLMORE HOLIDAYS PTY LTD	593,400	0.39
MR DIGBY LAURANCE & MRS LISA LAURANCE (THE LAURANCE FAMILY A/C)	500,000	0.33
MR JAMES VINCENT CHESTER GUEST	485,000	0.32
	39,713,007	26.29

**Unquoted equity securities**

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued	2,875,000	3
Shares – ASX Escrowed 12 Months to 22 September 2016	2,507,646	19
Shares – ASX Escrowed 12 Months to 30 September 2016	566,083	17
Shares – ASX Escrowed 24 Months to 17 December 2017	87,647,307	7

**Jayex Healthcare Ltd**  
**Shareholder information (continued)**  
**31 December 2015**

The following persons hold 20% or more of unquoted equity securities:

<b>Name</b>	<b>Class</b>	<b>Number held</b>
MR MARK FRANCIS BATHIE (BATHIE FAMILY A/C)	Shares – ASX Escrowed 12 Months to 22 September 2016	1,032,022
E2GO LTD	Shares – ASX Escrowed 12 Months to 30 September 2016	118,166
COVENANT HOLDINGS (WA) PTY LTD (BOYD#4 A/C)	Shares – ASX Escrowed 24 Months to 17 December 2017	58,304,575
VECTOR CAPITAL LIMITED	Shares – ASX Escrowed 24 Months to 17 December 2017	19,003,378

**Substantial holders**

Substantial holders in the Company are set out below:

	<b>Number held</b>	<b>Ordinary shares % of total shares issued</b>
Michael Boyd/Covenant Holdings (WA) Pty Ltd	80,937,385	53.60
Agam Jain/Vector Capital Limited	19,003,378	12.59

The Company has also lodged a substantial holding notice for 90,721,036 of the Company's shares as, due to escrow arrangements over those shares, the Company has a "relevant interest" in its own shares as defined by the Corporations Act. However the Company has no right to acquire those shares or to control the voting rights attaching to those shares.

**Voting rights**

The voting rights attached to ordinary shares are set out below:

**Ordinary shares**

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.

**Shares subject to escrow (Restricted Securities)**

Voting rights relating to shares subject to escrow are the same as for ordinary shares except that, during a breach of the ASX Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities.

**Options**

Options do not have voting rights attached.

There are no other classes of equity securities.

**Jayex Healthcare Ltd**  
**Shareholder information (continued)**  
**31 December 2015**

**Restricted securities**

<b>Class</b>	<b>Expiry date</b>	<b>Number of shares</b>
Shares – ASX Escrowed 12 Months to 22 September 2016	22 September 2016	2,507,646
Shares – ASX Escrowed 12 Months to 30 September 2016	30 September 2016	566,083
Shares – ASX Escrowed 24 Months to 17 December 2017	17 December 2017	87,647,307
		90,721,036

