

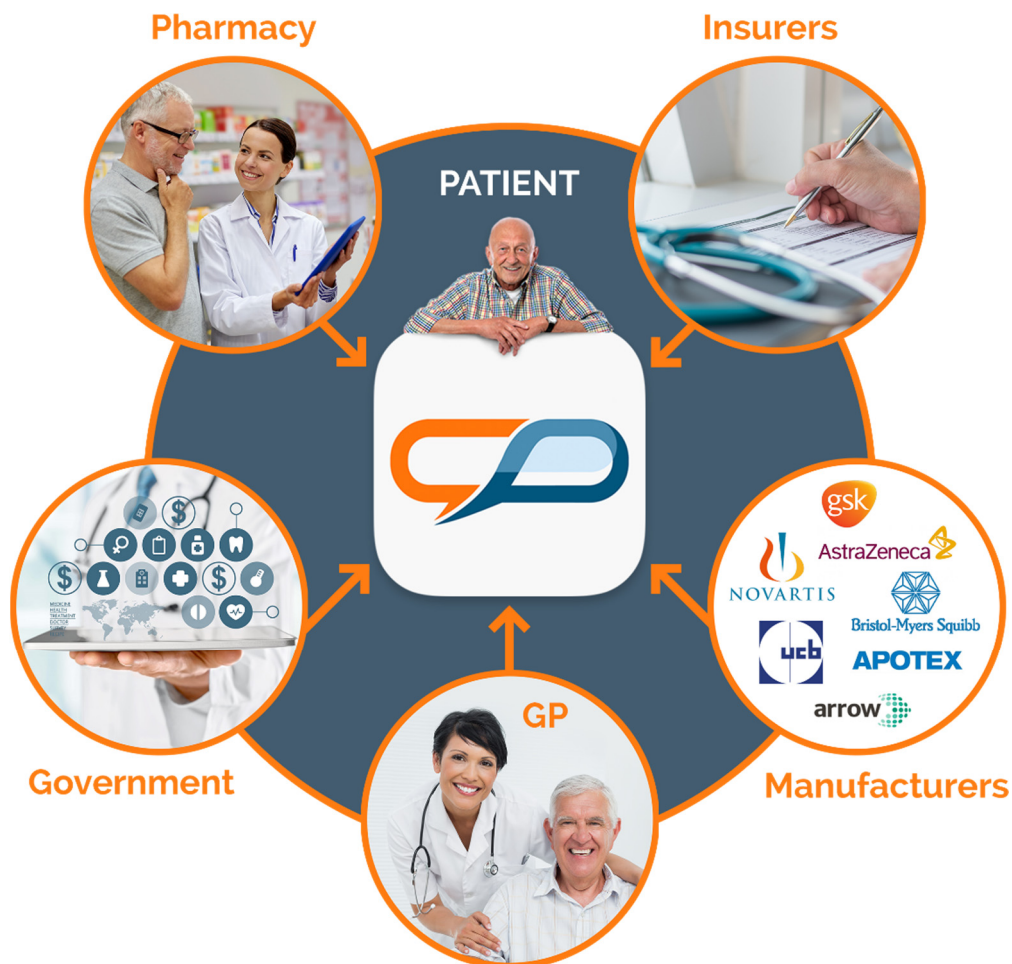


**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016**



MedAdvisor Limited

ABN 17 145 327 617



MedAdvisor Limited (ASX:MDR) delivers a connected health system that places patients at the centre. Our objective is to lead through innovation and grow organically as well as through acquisition and international expansion.

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Chairman's Letter

Dear Shareholders,

In the rapidly expanding MedAdvisor world there has been little time for reflection; nonetheless, we critically measure our performance, our wins, and our also-rans, but we rarely muse on the past. Our Annual Report to you forces me to so do.

Our company has completed a transformative year – from having no operating business we have plunged into the extraordinarily energized domain linking information technology with better health.

We are positioned at the convergence of rising health costs, increasingly complex medication regimes and the clear need for efficiency and patient engagement in individual health management. As such we have terrific tailwinds:

- Healthcare costs are growing far faster than the economy
- Governments are actively supporting businesses to provide workable IT solutions to improve capability
- Pharmacy incomes are being squeezed by lower margins on prescriptions forcing them to think about leveraging technology to enhance their business
- Drug manufacturers wish to communicate with patients on medication, something they have very few direct channels to do in Australia
- Many doctors are seeking more efficient means of interaction with their patients and improved tools for clinical decision making
- Hospitalisation costs are soaring and health funds are demanding fewer hospitalizations relating to medication misadventure

The MedAdvisor app provides readily usable services that assist in providing solutions for each of the above issues.

The dynamic nature of healthcare and resultant constant requirement for innovation places plenty of pressure on all involved. As we grow our business and connect more people with pharmacies, GPs and

Hospitals, the opportunity to provide better services for people using MedAdvisor increases.

I applaud and thank each member of our team at MedAdvisor. Some work all weekend to solve a problem, some all night to grasp an opportunity. Our leadership group is thoughtful, energetic and consistently aiming to be and to do better. Our board members provide deep insights into the health industry and how MedAdvisor can provide better services for more people. We thank too, our financial and professional advisors, who have indefatigably provided enlightened counsel.

With extraordinary internal energy, MedAdvisor is swiftly building its patient numbers and pharmacy relationships. It is actively working to educate industry participants on how they can leverage the power of MedAdvisor assisting doctors, hospitals, disease management bodies, pharmaceutical manufacturers, insurers, governments and patients to provide better health outcomes.

Our aims are to deliver our services to millions of Australians, and to patients overseas. To achieve these aims, we are investing unwaveringly in building our patient numbers. As we become integral to the well being of many, we will increasingly become a highly valued contributor to 21st century healthcare. Patients, pharmacies, manufacturers, insurers and governments will escalate their demand for our services for the benefit of all, and the growth of your company.



Peter Bennetto

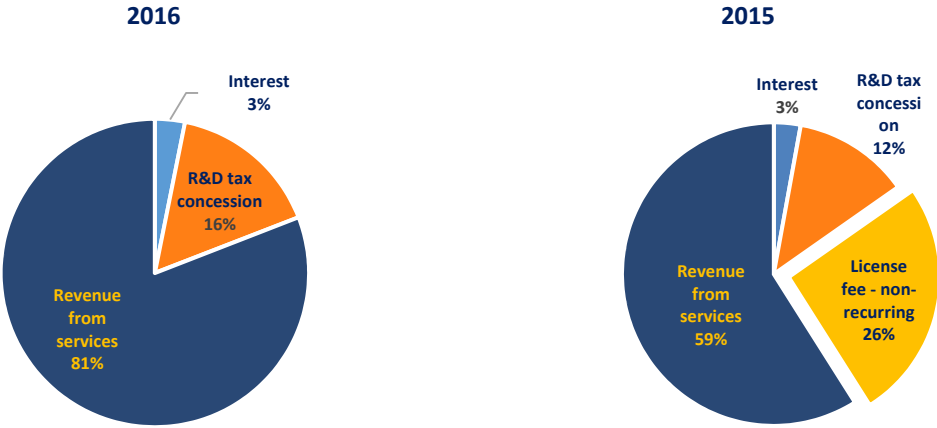
Chairman

Sydney, 19 September 2016

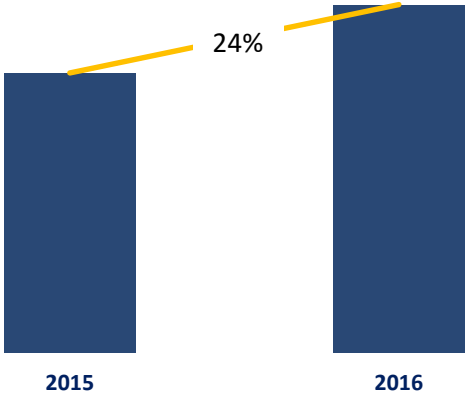


Summary of 2016 financial year results

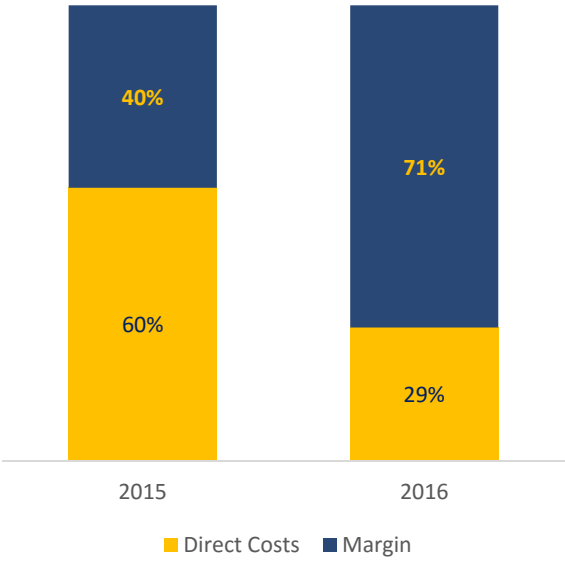
Revenues



Growth in revenue from services



Margins



Key drivers



Strong growth



- Strong organic growth in patient numbers driven by new marketing programs in the second half of the financial year
- Growth in pharmacy numbers benefiting from the expansion of sales channels through our strategic alliances with Apotex and Arrow Pharmaceuticals
- Growing patient numbers have increased our relevance with key manufacturers and new relationships have been created

Industry alliances



- New alliances with Epilepsy Queensland, PainAustralia, Glaucoma Australia have created additional referral opportunities
- The recently announced collaboration with Diabetes Australia and the development of the tap to order feature to order and manage their National Diabetes Supply Scheme (NDSS) products through MedAdvisor

Product innovation



- White label capabilities supporting customer branding and customized pharmacy support facilities
- Full SMS/text enhancing fill-my-scripts and see-my-doctor reminders
- GP Link as first in class feature that links patients with their medical practitioner
- NDSS feature which provides people living with Diabetes tools to order and better manage their consumables directly through MedAdvisor
- Increased development capability through the recruitment of key personnel

Marketing



- Transformation of the business from being development to market led and consumer centric, supported by technological innovation
- Deployment of new marketing capability to support the transformation

Expansion
of
operations



- Employment of a Chief Executive Officer with extensive experience in managing rapidly growing business as well as direct experience in the pharmaceutical industry and in raising capital
- Additional physical resources providing the foundations to support the expansion of our capabilities
- Upgrading IT capability to support rapid expansion of patient and pharmacy users

Full year profit and loss summary

	2016 \$ 000's	2015 \$ 000's	Change		
			\$ 000's	%	
Revenues					
Revenues from services	1,426	1,146	280	24%	Strong growth in revenues driven by pharmacy growth and the new GuildLink agreement. The end of the Actavis agreement has allowed us to form new strategic alliances with Apotex and Arrow Pharmaceuticals increasing our representation in the pharmacy market.
Revenue from Actavis license fee (non recurring)	-	500	(500)	-100%	
R&D tax concession	281	241	40	17%	
Interest	55	18	38	215%	
Total Revenue	1,762	1,904	(142)	-7%	
Direct costs					
Direct costs	383	644	(261)	-41%	Margins have grown from 43% to 71% following the renegotiating of the GuildLink Agreement
Gross profit	925	396	528	133%	
Major Expenses (exc. non-cash expenses)					
Development	1,153	1,020	133	13%	Transformation of the business to being market driven supported by innovation led development together with resourcing to drive our core strategy.
Marketing & sales	1,552	432	1,120	259%	
Administration	1,052	364	688	189%	
Governance & listing costs	468	-	468	n/a	
Finance	5	-	5	n/a	
Loss from continuing operations	(3,071)	(546)	(2,525)	462%	

Summary balance sheet

	2016	2015	Change	
	\$ 000's	\$ 000's	\$ 000's	%
Current assets				
Cash & cash equivalents	2,889	571	2,318	406%
Other current assets	517	162	355	219%
	3,406	733	2,673	365%
Non-current assets				
Property plant & equipment	168	10	158	1586%
Intangible assets	72	79	(7)	-8%
	240	89	151	170%
Total assets	3,646	822	2,824	344%
Current liabilities				
Trade & other payables	725	260	464	178%
Income in advance	297	126	171	135%
Borrowings	-	345	(345)	-100%
Employee benefits	140	51	90	178%
	1,162	782	380	49%
Non-current liabilities				
Employee benefits	20	6	13	216%
	20	6	13	216%
Total liabilities	1,181	788	393	50%
Net assets	2,464	34	2,431	7171%
Net tangible assets	2,392	(45)	2,437	-5435%

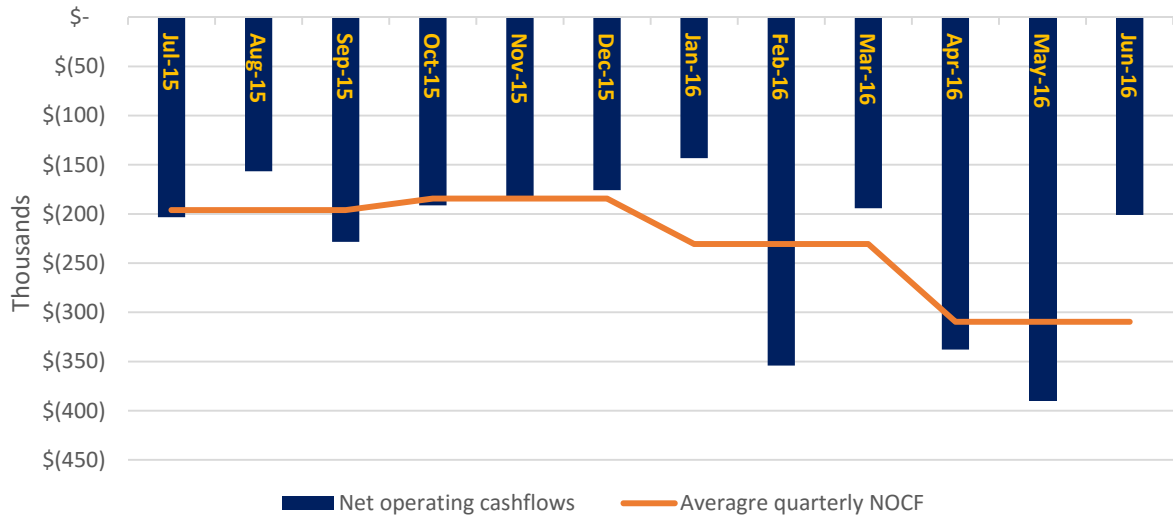
Summary operating cash flow

	2016	2015	Change	
	\$ 000's	\$ 000's	\$ 000's	%
Operating cash inflows				
Receipts from customers	1,324	953	371	39%
R&D tax concession	281	241	40	17%
Interest	55	18	38	215%
	1,661	1,212	449	37%
Operating cash outflows				
Payments to suppliers	2,133	676	1,456	215%
Payments to employees	2,075	1,013	1,061	105%
	4,207	1,690	2,518	149%
Net operating cash flows	(2,546)	(477)	(2,069)	433%

Cash inflows have benefited from the new GuildLink arrangements as well as the growth in pharmacies

Planned new hires, marketing initiatives and a general expansion of resources have driven up costs ahead of expected growth in revenues.

Seasonally Adjusted Net Operating Cashflow



The net operating cash flows have been adjusted to remove the receipt of the R&D Tax Concession in Oct-15 of \$281,214 as well as seasonally adjusting the receipt of annual subscriptions paid in advance in Sept-15 and Oct-15.



Corporate directory

Directors	Mr Peter Bennetto Mr Robert Read Mr Joshua Swinnerton Mr Jim Xenos Ms Sandra Hook	Non-executive Chairman Managing Director & CEO Founder & CTO Non-executive Director Non-executive Director
Company secretary	Mr Carlo Campiciano	CFO
Notice of annual general meeting	Details of the annual general meeting of MedAdvisor Limited are: At the offices of HWL Ebsworth Lawyers Level 26, 530 Collins Street Melbourne Vic 3000 10:00 a.m. on Wednesday 26 th October, 2016	
Registered office	Level 4, 969 Burke Road Camberwell Vic 3124	
Principal place of business	Level 4, 969 Burke Road Camberwell Vic 3124	
Share register	Computershare Investor Services Pty Ltd Pty Ltd Yarra Falls 1152 Johnston Street Abbotsford Vic 3067	
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne Vic 3000	
Lawyers	HWL Ebsworth - Lawyers Level 26, 530 Collins Street Melbourne Vic 3000	
Stock exchange listing	MedAdvisor Limited shares are listed on the Australian Securities Exchange (ASX:MDR)	
Website	www.medadvisor.com.au	

Directors' report

The Directors of MedAdvisor Limited ('MedAdvisor') present their report, together with financial statements of the consolidated entity, being MedAdvisor Limited ('the Company') and its Controlled Entities ('the Group') for the year ended 30 June 2016.

Directors

The names of Directors in office at any time during or since the end of the year are:

Peter Bennetto	Non-Executive Chairman
Robert Read	Executive Director / Chief Executive Officer (appointed 12 November 2015)
Joshua Swinnerton	Executive Director / Chief Technical Officer (appointed 12 November 2015)
Jim Xenos	Non-Executive Director (appointed 12 November 2015)
Sandra Hook	Non-Executive Director (appointed 22 January 2016)
Carlo Campiciano	Executive Director / Chief Financial Officer (resigned 12 November 2016)
Peter Dykes	Non-Executive Director (resigned 12 November 2015)
Stephen Brockhurst	Non-Executive Director (resigned 12 November 2015)

Peter Bennetto, Non-Executive Chairman, Appointed 28 November 2013.

GAICD, SA Fin.

Member of Audit and Risk Committee
Member of the People and Remuneration Committee

Peter Bennetto is an experienced company director, with skills in banking, corporate finance and governance. Peter has held a number of company director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Mr Bennetto has been Non-Executive Chairman at MedAdvisor Limited (formerly Exalt Resources Limited) since November 28, 2013.

Mr Bennetto is currently non-executive Chairman of Ironbark Zinc Ltd.

Robert Read, Executive Director/ CEO, Appointed 12 November 2015.

BComm(Mgt), BA(Psych), GAICD.

Member of Audit and Risk Committee
Member of the People and Remuneration Committee

Robert Read has had extensive experience in commercial experience in a wide range of business including time as a Director of Commercial Strategy and Operations in one of the world's leading pharmaceutical companies, as well as roles in Venture Capital and Private Equity. Robert brings a wide range of skills to the position of CEO, in particular leadership, sales and marketing, finance performance improvement and a deep understanding of what is needed to successfully grow start-up businesses.

Joshua Swinnerton, Executive Director/ CTO, Appointed 12 November 2015

MEI, GradCert Eng., BE, BCS(Hons).

Joshua Swinnerton has extensive experience leading and managing sizeable IT ventures, both within large companies, as a consultant, and as the technical and operational lead of start-up companies. Prior to founding MedAdvisor, led a technology start-up which he also founded and sold into the US as well as raising funds in the US for the company's expansion and managed software development. During this time Mr Swinnerton has gained valuable experience in bridging the gap between innovative technology and business objectives. Josh also has extensive skills in building and managing exceptional development teams.

Jim Xenos, Non-Executive Director, Appointed 12 November 2015

BSc, DipEd, AFAIM, GAICD.

Member of the People and Remuneration Committee

Jim Xenos is an experienced general manager with sales and marketing expertise and a track record in building and leading high performing teams delivering market share and profit growth in national and multinational companies. Mr Xenos has a strong reputation in forming brand and portfolio strategies, developing new product launches with innovative go to market activities in existing and new channels. He has significant strength in establishing high performing sales teams in highly competitive categories. Mr Xenos also brings pharmaceutical experience to the board having held senior management positions in national and multinational pharmaceutical companies.

Sandra Hook, Non-Executive Director, Appointed 19 January 2016
GAICD

Member of Audit and Risk Committee

Sandra Hook has extensive operational, financial management and strategic experience acquired from an executive career that has spanned over 25 years. Ms Hook has held senior management positions within Foxtel, Federal Publishing Company, Murdoch Magazines, Fairfax, ACP and News Limited where she was CEO of NewsLifeMedia. She has significant experience providing leadership to businesses impacted by technological and digital

disruption, and has built and operated major market leading digital businesses including taste.com.au and body+soul.com.au. Based in Sydney, Sandra is an experienced leader, non-executive director and investor in early stage digital businesses.

Ms Hook is currently a non-executive director of WYZA Limited; RXP Services (ASX:RXP); IVE Group (ASX:IGL); the Sydney Fish Markets and is a Trustee of the Royal Botanic Gardens & Domain Trust and the Sydney Harbour Federation Trust.

Company secretary

Carlo Campiciano, Company Secretary/ CFO

MEI, GradDip(Comp), Bbus(Acc), GIA(cert), MIPA.

Carlo Campiciano is a qualified accountant with extensive experience working with business on a wide range of areas including taxation, finance, operations, planning, operational and financial strategy. Mr Campiciano commenced his career with Coopers & Lybrand where he completed his Professional Year of Study which qualified him for admittance to the Institute of Chartered Accountants before moving onto roles in professional services firms as well as roles in industry which extended both his technical as well as practical business skills. Mr Campiciano was a Director of MedAdvisor International Pty Ltd prior to the relisting of MedAdvisor Limited and has been the CFO since the company was founded in 2012.

Directors' meetings

In June 2015 the Company entered into a Heads of Agreement to acquire MedAdvisor International Pty Ltd. The business of the Company from this date to the date of the re-compliance listing on 1 December 2015 was the conduct of due diligence and completion of the acquisition. Mr Peter Bennetto attended the Due Diligence Committee meetings as a representative of the Company.

2016	Meetings held	Meetings attended
Peter Bennetto	7	7
Robert Read ¹	11	11
Joshua Swinnerton ¹	11	11
Jim Xenos ¹	11	11
Sandra Hook ²	5	5
Carlo Campiciano ³	4	4
Peter Dykes ³	-	-
Stephen Brockhurst ³	-	-

¹Appointed 12 November 2015

²Appointed 19 January 2016

³Resigned 12 November 2015

The Directors approved the formation of the People and Remuneration Committee and the Audit and Risk Committee at the June 2016 Directors' meeting. There were no meetings of People and Remuneration Committee or the Audit and Risk Committee held during the year ended 30 June 2016.

Principal activities

The principal activities of the Entity have changed during the period from resources and energy exploration activities to the development and deployment of the MedAdvisor medication and adherence platform. The MedAdvisor platform is focused on improving health outcomes by connecting health professionals with their patients using mobile and web technologies.

Operating results

The net loss of the Group after income tax for the year was \$3,071,062 (2015: Loss \$546,123)

Dividends

No dividends have been paid or declared by the Company since the beginning of the year.

Review of operations

As detailed in the previous financial report the Company announced in June 2015 that it had entered into a Heads of Agreement to acquire 100% of market-leading cloud based e-health software company, MedAdvisor International Pty Ltd. This transaction was subsequently completed on 12 November 2015 following ASX approval of the relisting of the Company and having successfully raised \$5 million in capital to fund the growth plans for the MedAdvisor platform. On 1 December 2015 MedAdvisor Limited relisted on the Australian Stock Exchange.

Since the relisting of the Company the Company has successfully transformed into Australia's leading Medication Management business. MedAdvisor has grown to have over 30% of Australia's pharmacies connected to our state of the art e-health platform.

MedAdvisor approached FY16 with a proven technology linking patients and pharmacists together that had enabled over 70,000 patients using MedAdvisor to take their medication safely, effectively and on time. In addition, these patients highly valued the reduction in waiting times at a pharmacy from pre ordering using the Tap to Refill function. Educating the market about MedAdvisor and the role it can play was an important imperative.

The opportunity for the business was to bring the product to more patients and pharmacists. With scale the business would create multiple commercialization opportunities. In addition there was an identified need to link patients with GPs to allow them to order repeat medications from their nominated GP. Building the technology to enable this was a major focus during the year. This provides the platform for us to start to offer increased convenience based services to users over FY17.

The business has grown pharmacy market share from ~20% to over 30% and is now the biggest provider of patient communications in the sector. During the year over 180,000 patients used MedAdvisor to improve their medication management. The Company further developed its relationships with referrers in the health system. Monthly growth rates doubled on a larger user base.

By the end of the reporting year the Company had achieved strong progress in building pharmacy participation and patient numbers. Connections were established with GPs, hospitals, pharmaceutical companies, governments and Patient Support Groups that are building awareness of the benefits to patients of medication safety and efficiency of the MedAdvisor Platform.

During the 2016 Financial year, the business has achieved a number of important milestones:

- Appointment of Mr Robert Read as CEO. Mr Read has senior experience in the Pharmaceutical Industry complemented by a successful track record investing in and growing businesses for Private Equity and Venture Capital.
- Renegotiation of the Guidlink Agreement to allow the business to have closer relationships with its pharmacy client base and allow flexibility in subscription models.
- Successful Capital raisings Pre-listing round and the oversubscribed RTO in December 2015. These capital raisings have provided working capital and funding for enhanced marketing initiatives and in addition have

funded the development of key product extensions.

- Transitioning from technology led to becoming sales and marketing led. This was advanced through the new strategic partnerships with pharmaceutical manufacturers, Apotex and Arrow, to provide MedAdvisor with access to both Apotex's and Arrow's sales networks, allowing the MedAdvisor to broaden its base of subscriber pharmacies.
- Appointment of Mr Theo Antonopoulos formerly Head of Multi-Channel Marketing and Marketing Excellence at pharmaceutical manufacturer GlaxoSmithKline as Head of Sales and Marketing.
- MedAdvisor established an instore pharmacy promotion and training team to assist high potential pharmacies with patient sign ups to augment the increasing marketing initiatives.
- As a result of the marketing initiatives, MedAdvisor grew pharmacy numbers by ~35% to be at 30% of all Australian pharmacies and patient numbers by 133%.
- Partnership with Epilepsy Queensland to promote MedAdvisor to a wide audience of people with epilepsy. Epileptic patients are 15-20% more adherent to their medication when on MedAdvisor.
- In reacting to the growing problem of codeine addiction, MedAdvisor developed and launched the MedAdvisor Patient Pain Education Program in partnership with PainAustralia, a patient focused solution to increase understanding and awareness of the risks and warning signs of codeine. We have already sent in excess of 25,000 education and warning messages to patients on codeine. MedAdvisor makes no financial return, but this is a valuable community service.
- Technical completion of GP Link, which for a fee, allows patients to request a repeat script from their nominated GP. MedAdvisor charges a small out service fee passing the majority onto the patient's GP. This program also shows an adherence overview to the GP when they are consulting with a MedAdvisor patient.
- Established Patient Engagement Programs (PEP) with GSK, Novartis and Bristol Myers Squibb (1 July 2016), strongly growing PEP revenues.
- More than 1.2 million Tap-to-Refill orders representing approximately \$50 million in sales for MedAdvisor Network pharmacies.
- Subsequent to year end the launch of the partnership with Glaucoma Australia who represent ~300,000 patients as well as forming a collaboration with the national diabetes organisation Diabetes Australia, to launch a new MedAdvisor tool that allows people living with diabetes to order their consumable products (funded under the Government's National Diabetes Services Scheme) via the MedAdvisor platform and ensure accurate supply in pharmacy.

Financial position

The Group has \$2,888,990 in cash as of 30 June 2016 following a net cash increase of \$2,317,624 for the year.

The net assets of the Group at 30 June 2016 were \$2,464,428, an increase in net assets of \$2,430,532 from 30 June 2015.

Significant changes in state of affairs

On 12 November 2015 the Company completed the reverse takeover transaction with MedAdvisor International Pty Ltd. The completion of this transaction resulted in the Company issuing to MedAdvisor International Pty Ltd shareholders 385,064,105 shares in MedAdvisor Limited in exchange for 100% of the issued shares of MedAdvisor International Pty Ltd which company owns and operates the MedAdvisor medication management and adherence platform. In addition the Company issued 39,250,014 shares in MedAdvisor Limited to MedAdvisor International Pty Ltd Noteholders in satisfaction of their Notes in accordance with the terms of the agreement with signed with MedAdvisor International Pty Ltd.

The Company currently holds two mining tenements in New South Wales and has begun the process of surrendering these tenements and applying for a refund of the associated Exploration Bonds

Likely developments

The Group has developed leading-edge technology and IP that puts the patient at the heart of the solution, delivering the best user-centric link between patients and pharmacists in the market. Building on its connected technology health platform, MedAdvisor will deliver a pilot of GP Link in H1 2016. GP Link will allow patients to request a repeat authorisation from their favourite medical practitioner. Offering utility and convenience, GP Link will help patients better manage their scripts and allow medical practitioners to understand their patient's medication adherence and make more informed prescribing decisions and provide better health outcomes.

On 31 August 2016 the Company entered into an agreement to acquire Health Enterprises 2 Pty Ltd which operates the Healthnotes business, a leader in healthcare technology for medication adherence management for a total consideration of \$5.5 million, paid as 60% cash and 40% scrip.

Bringing together the two leaders in medication adherence management will strengthen MedAdvisor's strategic positioning and operational platform, offer valuable synergies and will consolidate MedAdvisor's position as the leading Australian digital medication management company. This substantially strengthens MedAdvisor's market position and accelerates its growth strategy and path to profitability in the following ways:

- Increases MedAdvisor's share of connected community pharmacies to 45%, from over 1,600 to over 2,400 Australian community pharmacies;
- Increases the number of Australian patients connected to MedAdvisor's platforms from 220,000 to over 500,000 people;
- Increases the number of General Practitioners (GPs) connected to MedAdvisor's platforms to more than 4,000 GPs;
- Extends MedAdvisor's connected channels to over 1,700 nursing homes;
- Increases the number and value of prescriptions ordered through MedAdvisor's platforms to more than 320,000 prescriptions per month, with an annualised value of approximately \$150 million based on an average value of \$40 per prescription.

To finance the acquisition and to provide additional working capital, MedAdvisor will raise in excess of \$6 million.

Proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings in the period.

Matters subsequent to the end of the financial year

On 31 August 2016 the Company entered into an agreement to acquire Health Enterprises 2 Pty Ltd (Healthnotes) which operates the Healthnotes business for a total consideration of \$5.5 million on a cash-free, debt-free basis, paid as 60% cash and 40% scrip.

The acquisition is subject to the following conditions precedent:

- The completion of confirmatory due diligence. To date the Company has appointed HWL Ebsworth, McGrathNicol as external advisors to complete the preliminary legal and financial due diligence. Commercial and Technical due diligence has been undertaken by MedAdvisor.
- The obtaining of all approvals of MedAdvisor's shareholders which are necessary under the Corporations Act and the ASX Listing Rules to implement the transaction.

- A capital raising to raise no less than \$6 million.

The Company has received in-principal advice from ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the proposed acquisition.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Auditor's independence declaration

In accordance with section 307C of the Corporations Act 2001 the auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 21 of the Annual Report and forms part of this report.

Unissued ordinary shares under option

Grant date	Expiry date	Exercise price	Number of Options	Class
25-Sep-15	12-Nov-18	\$0.03	10,000,000	Unlisted
10-Dec-15	10-Dec-18	\$0.03	25,000,000	Unlisted
15-Apr-16	15-Apr-31	\$0.00	9,050,000	Unlisted

At the date of this report 450,000 Employee Incentive Options had been cancelled as a result of employee's not continuing employment with the Company.

Remuneration report

The Directors of MedAdvisor Limited (the Group) present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001 Remuneration Philosophy.

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 remuneration; and
- Other information

a. Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

MedAdvisor Limited has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group. The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary;
- short term incentives, being bonuses; and
- long term incentives, being employee share schemes.

The payment of bonuses, share options and other incentive payments are reviewed by the Board prior to approval by the Board annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Short Term Incentive (STI) and Long Term Incentive (LTI)

MedAdvisor performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values. The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPI's) for the Executive Team are summarised as follows:

Performance areas

- financial – revenues and operating results; and
- non-financial – strategic goals set for each business unit based on job descriptions

The STI and LTI Program's incorporate both cash and share-based components for the Executive Team and other employees. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

b. Details of remuneration

2016	Cash Salary & Fees \$	Cash Bonus \$	Super- annuation \$	Share Based Entitlements ⁴ \$	Total \$
Executive Directors					
R Read ¹	250,000	37,500	19,308	168,654	475,462
J Swinerton ¹	213,518	-	20,135	-	233,653
C Campiciano ²	48,006	-	4,561	-	52,567
Non-Executive Directors					
P Bennetto	37,917	-	3,602	118,086	159,605
J Xenos ¹	50,659	-	4,813	-	55,472
M da Gama ²	23,646	-	2,246	-	25,893
S Hook ³	20,250	-	1,924	-	22,174
S Brockhurst ²	3,000	-	-	30,000	33,000
P Dykes ²	-	-	-	-	-
Other Key Management Personnel					
C Campiciano	126,081	-	12,029	-	138,110
S Brockhurst	12,000	-	-	-	12,000
	<u>785,077</u>	<u>37,500</u>	<u>68,618</u>	<u>316,740</u>	<u>1,207,936</u>

¹Appointed 12 November 2015

²Resigned 12 November 2015

³Appointed 22 January 2016

⁴Share based entitlements have been measured at fair value on grant date the Binomial or Black-Scholes option pricing model.

At the date of this report the value of R Read share based payments that have vested is \$30,000, no other share based rights have vested.

2015 Remuneration

2015	Cash Salary & Fees \$	Cash Bonus \$	Super- annuation \$	Share Based Entitlements \$	Total \$
Executive Directors					
J Swinnerton	163,829	-	15,565	-	179,394
C Campiciano	91,517	-	8,694	-	100,211
Non-Executive Directors					
J Xenos	1,525	-	145	-	1,670
M da Gama	1,525	-	145	-	1,670
	258,396	-	24,549	-	282,945

The proportion of the cash bonus paid/payable or forfeited is as follows:

Cash Bonus paid/payable

	Cash bonus paid/payable		Cash bonus forfeited	
	2016	2015	2016	2015
Executive Directors				
R Read	100%	-	0%	-

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2016	2015	2016	2015	2016	2015
Executive Directors						
R Read	57%	-	8%	-	35%	-
J Swinnerton	100%	100%	0%	-	0%	-
C Campiciano	100%	100%	0%	-	0%	-
Non-Executive Directors						
P Bennetto	26%	-	0%	-	74%	-
J Xenos	100%	100%	0%	-	0%	-
M da Gama	100%	100%	0%	-	0%	-
S Hook	100%	-	0%	-	0%	-
S Brockhurst	9%	-	0%	-	91%	-
P Dykes	-	-	-	-	-	-
Other Key Management Personnel						
C Campiciano	100%	-	0%	-	0%	-
S Brockhurst	100%	-	0%	-	0%	-

c. Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Directors			
R Read	\$250,000	undefined	9 months
J Swinnerton	\$205,950	Undefined	9 months
Other Key Management Personnel			
C Campiciano	\$205,950	Undefined	6 months

Note: Base salary noted above is exclusive of superannuation which under the applicable service agreements is capped in accordance with the maximum superannuation contribution base for superannuation guarantee purposes.

d. Share-based remuneration

MedAdvisor employee incentive option plan

All options refer to options over ordinary shares of the Company, which are exercisable at no cost on a one-for-one basis under the terms of the Employee Share Option Plan that was approved by shareholders at the 2015 annual general meeting.

Options granted to employees under the MedAdvisor Employee Incentive Option Plan will vest subject to the service periods conditions under the plan. Unvested options will expire on the termination of the individual's employment; vested options will expiry on the expiry date which is 15 years.

Non-executive director incentives

Ms Sandra Hook has been offered 5,000,000 3 year options exercisable at \$0.08c subject to shareholder approval at the next Annual General Meetings of the Company.

Read Rights

All of the Read Rights refer to rights over ordinary shares of the Company, which are exercisable on a one-for-one basis at no cost under the terms of the Mr Read's employment agreement.

Rights issued to Mr Read under his employment agreement are exercisable subject to the meeting the following conditions:

- Continuous employment over a 5-year period for the date of his employment with MedAdvisor International Pty Ltd
- Achievement of predetermined revenue, activated patients and active medical practitioner targets within 3 years from the date of relisting of the Company on the Australian Securities Exchange.

The following table provides a breakdown of Mr Read's Rights:

Continuous service:	Operative Date	# of Rights
6 months service	31-Dec-15	1,000,000
18 months service	31-Dec-16	1,000,000
36 months service	30-Jun-18	1,000,000
48 months service	30-Jun-19	1,000,000
60 months service	30-Jun-20	1,000,000
Employment related rights		5,000,000

Performance targets:	Latest Date	# of Rights
Revenue targets -		
\$5,000,000	30-Nov-18	5,000,000
\$6,500,000	30-Nov-18	5,000,000
\$8,000,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Activated patients targets -		
500,000	30-Nov-18	5,000,000
750,000	30-Nov-18	5,000,000
1,000,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Active medical practitioner targets -		
2,500	30-Nov-18	5,000,000
3,750	30-Nov-18	5,000,000
5,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Performance related rights		<u>37,500,000</u>

Note: These Rights are cumulative on attainment of each of the continuous service milestones or performance targets.

At the date of this report Mr Read has become entitled to exercise his rights over 1,000,000 shares having met the first continuous employment milestone on 31 December 2015. Mr Read has at the date of this report not elected to exercise his rights over these shares.

e. Bonuses included in remuneration

Mr Read became entitled to a short-term incentive cash bonus of \$37,500 in relation to the successful closing of the capital raising completed in October 2015 and the maintenance of the share price at or above the listing price for a period of 3 months following the listing. Mr Read's bonus has been accrued as at 30 June 2016 and was paid in July 2016.

f. Other information

Options held by directors and key management personnel

The number of options and rights to acquire shares in the Company held during the 2016 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

2016	Balance at start of the reporting period	Granted as remuneration	Exercised	Vested and exercisable at end of the reporting period	Vested and un-exercisable at end of the reporting period
Executive Directors					
R Read ¹	-	42,500,000	-	1,000,000	41,500,000
Non-Executive Directors					
P Bennetto	-	10,000,000	-	10,000,000	-

¹Read Rights

Shares held by directors and key management personnel

Ordinary Shares

The number of ordinary shares in the Company held during the 2016 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

2016	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
Executive Directors					
R Read ¹	-	-	-	5,330,000	5,330,000
J Swinnerton ^{2*}	40,700,000	-	-	66,137,500	106,837,500
Non-Executive Directors					
J Xenos ^{2**+}	30,000,000	-	-	57,750,000	87,750,000
Other Key Management Personnel					
C Campiciano ^{2*}	5,000,000	-	-	8,125,000	13,125,000

¹1,666,666 of the shares held by Mr Read and/or parties related to Mr Read are subject to escrow for a period of 24 months from the date of re-listing of the Company.

²all of the shares held Messrs Swinnerton, Xenos and Campiciano and/or parties related to Messrs. Swinnerton, Xenos and Campiciano are subject to escrow for a period of 24 months from the date of re-listing of the Company.

* Shares held by Messrs Swinnerton, Xenos and Campiciano and/or parties related to Messrs. Swinnerton, Xenos and Campiciano at the beginning of the reporting period were subject to a share split pursuant to the re-organisation of the capital of MedAdvisor International Pty Ltd preceding the completion of the reverse takeover of the listed entity.

+ Mr Xenos and/or parties related to Mr Xenos were issued bonus shares pursuant to the re-organisation of the capital of MedAdvisor International Pty Ltd preceding the completion of the reverse takeover of the listed entity.

Founder Performance Shares

The number of Founder Performance Shares in the Company held during the 2016 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

2016	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
Executive Directors					
J Swinnerton	-	-	-	68,225,102	68,225,102
Non-Executive Directors					
J Xenos	-	-	-	56,036,062	56,036,062
Other Key Management Personnel					
C Campiciano	-	-	-	8,381,462	8,381,462

Founder Performance Shares will convert to ordinary shares upon satisfaction of any one of the following milestones:

- 50% of the Founder Performance Shares shall convert upon the "MedAdvisor Platform" being activated at 2,500 pharmacies within a period of 2 years from the issue of the Founder Performance Shares; and
- 50% of the Founder Performance Shares shall convert upon the Company receiving annualised revenue from the MedAdvisor business (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the Founder Performance Shares.

Other transactions with directors and key management personnel

During 2016 the Group used the services of NostraDta Pty Ltd of which Mr Jim Xenos is a director and has significant influence. The amounts billed relate to recovery of product development costs and general consulting prior to the reverse takeover by MedAdvisor International Pty Ltd and amounted to \$12,842 (2015 \$87,072).

In addition the Group paid to SwinTech Pty Ltd a company over which Mr Joshua Swinnerton is a director and has significant influence an amount of \$13,865 (\$2015 \$47,808) relating to the property lease at 22 Council Street Hawthorn East that the Company was occupying prior to moving to its new premises at level 4, 969 Burke Road, Camberwell.

End of audited Remuneration Report

Additional information

The earnings of the group since the incorporation of MedAdvisor International Pty Ltd are summarized below:

	2016	2015	2014	2013
	\$	\$	\$	\$
Revenue from services	1,425,781	1,145,712	606	-
Revenue from Actavis license fee (non recurring)	-	500,000	1,000,000	500,000
Other revenue	336,704	258,744	88,667	1,984
Total revenue	1,762,485	1,904,456	1,089,273	501,984
Total margin	1,043,258	511,677	979,757	500,000
EBITDA	(3,032,376)	(536,311)	(826,453)	(206,966)
EBIT	(3,066,196)	(546,123)	(835,453)	(206,966)
Profit after income tax	(3,071,062)	(546,123)	(835,453)	(206,966)

Environmental issues

The Company's operations are subject to significant environmental and other regulations. The Company has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. There have been no reports of breaches of environmental regulations in the financial period as at the date of this report.

The two mining tenements that the Company currently holds in New South Wales are in the process of being surrendered and application has been made for a refund of the associated Exploration Bonds. The Company has undertaken remediation works to the satisfaction of the land owners.

Indemnities given to, and insurance premiums paid for 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 year, 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.

Indemnities and insurance premiums of auditor

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

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

Non-audit services

During the year, RSM Australia Partners, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and the Board is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

-
- all non-audit services were reviewed and approved to ensure that they do not impact upon the integrity and objectivity of the auditor
 - the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

Details of the amounts paid to the auditors of the Company, RSM Australia Partners, and its related practices for audit and non-audit services provided during the year are set out in Note 13 to the financial statements.

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.

Auditor's independence declaration

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

Auditor

RSM Australia Partners 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.

On behalf of the directors,



Peter Bennetto
Chairman
19 September, 2016
Sydney, NSW.



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MedAdvisor Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "P Fraser".

P FRASER

Partner

Melbourne, VIC

19 September 2016

Corporate governance statement

Corporate governance

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, MedAdvisor Limited and its Controlled Entities ('the Group') have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2016 is dated as at 30 June 2016 and date of last review and Board approval was on 13 August 2015. The Corporate Governance Statement is available on MedAdvisor's website at:

<http://medadvisor.com.au/Investors/CorporateDirectory#governance-policies>



Consolidated financial report for the year ended 30 June 2016

MEDADVISOR LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

	Notes	Consolidated	
		Jun-16	Jun-15
		\$	\$
Revenues from services	10 a.	1,425,781	1,145,712
Revenue from Actavis license fee (non recurring)	10 a.	-	500,000
Other revenue	10 b.	336,704	258,744
Total revenues		1,762,485	1,904,456
Direct Expenses	11 a.	(382,523)	(634,035)
Development Costs		(231,062)	(150,154)
Employee benefits expense	11 b.	(2,306,460)	(1,005,818)
Marketing expense		(863,599)	(397,001)
Depreciation and amortisation expense	11 c.	(33,820)	(9,812)
Directors fees	11 b.	(148,058)	(3,051)
Other expenses		(657,044)	(245,173)
Finance costs	11 d.	(210,982)	(5,534)
Profit / (loss) before income tax from continuing operations		(3,071,062)	(546,123)
Income tax (expense) / income	12	-	-
Profit / (loss) for the year		(3,071,062)	(546,123)
Other comprehensive income		-	-
Total comprehensive income (loss)		(3,071,062)	(546,123)
Earning per share for loss from continuing operations of MedAdvisor Limited			
		Cents	Cents
Basic loss per share	3	(0.55)	(0.45)
Diluted loss per share	3	(0.55)	(0.45)

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

MEDADVISOR LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Consolidated	
		Jun-16	Jun-15
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	14	2,888,990	571,366
Trade and other receivables	15	309,008	86,992
Other assets	16	208,114	74,864
Total current assets		3,406,112	733,222
Non-current assets			
Fixed assets	17	167,536	9,935
Intangible Assets	18	72,140	78,740
Total non-current assets		239,676	88,675
Total assets		3,645,788	821,897
Liabilities			
Current liabilities			
Trade and other payables	19	724,540	260,199
Income in advance	20	296,666	125,989
Borrowings	21	-	345,000
Employee benefits	22	140,427	50,575
Total current liabilities		1,161,633	781,764
Non-current liabilities			
Employee benefits	22	19,727	6,239
Total non-current liabilities		19,727	6,239
Total liabilities		1,181,360	788,003
Net assets		2,464,428	33,895
Equity			
Contributed equity	3	6,508,117	1,622,436
Reserves	4	615,914	-
Retained profits / (losses)	22	(4,659,603)	(1,588,541)
Total equity		2,464,428	33,895

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

MEDADVISOR LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Contributed Equity \$	Share Options Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2015	1,622,436	-	(1,588,541)	33,895
Transactions with equity holders in their capacity as equity holders				
Ordinary shares issued	6,137,871			6,137,871
Capital raising costs	(1,252,190)			(1,252,190)
Share options issued		615,914		615,914
Net profit / (loss)			(3,071,062)	(3,071,062)
Balance at 30 June 2016	6,508,117	615,914	(4,659,603)	2,464,428

	Contributed Equity \$	Share Options Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2014	1,622,436	-	(1,042,418)	580,018
Transactions with equity holders in their capacity as equity holders				
Ordinary shares issued	301,282			301,282
Capital raising costs	(301,282)			(301,282)
Net profit / (loss)		-	(546,123)	(546,123)
Balance at 30 June 2015	1,622,436	-	(1,588,541)	33,895

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

MEDADVISOR LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR YEAR ENDED 30 JUNE 2016

	Notes	Consolidated	
		Jun-16	Jun-15
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,605,501	1,194,602
Payments to suppliers and employees (inclusive of GST)		(4,207,372)	(1,689,602)
Interest received		55,489	17,597
Net cash inflow (outflow) from operating activities	25	(2,546,382)	(477,403)
Cash flows from investing activities			
Cash acquired on reverse takeover of parent		24,536	-
Payments for property, plant and equipment		(199,290)	(7,822)
Payments for intangibles		(2,400)	(3,280)
Net cash outflow from investing activities		(177,154)	(11,102)
Cash flows from financing activities			
Proceeds from new share issue		5,100,000	-
Capital raising costs (net of GST)		(655,840)	-
Proceeds of borrowings		597,000	-
Repayment of borrowings		-	345,000
Net cash (outflow) inflow from financing activities		5,041,160	345,000
Net increase/(decrease) in cash held		2,317,624	(143,505)
Cash and cash equivalents at the beginning		571,366	714,870
Cash and cash equivalents at the end of the year		2,888,990	571,365

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

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

Note 1: Statement of Significant Accounting Policies

The financial statements cover the Company of MedAdvisor Limited. MedAdvisor Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorized for issue on the 19 September 2016 by the Directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$3,071,062 (2015: \$546,123 loss) and had net cash outflows from operating activities of \$2,546,382 (2015: \$447,403 outflow) for the year ended 30 June 2016.

These factors indicate a material uncertainty which may cast significant doubt over the ability of the consolidated entity to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe there are reasonable grounds to believe the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- As set out in Note 28, the company has recently entered into an agreement to acquire Health Enterprises 2 Pty Ltd (Healthnotes). The company will undertake a placement to raise at least \$6,000,000 to be completed under a prospectus. The company has determined that \$2,000,000 of the funds raised will be used to cover future operating requirements and fund expansion plans;
- The ability to raise further capital from equity markets as required, with \$5,000,000 already raised through a share placement at the time of the re-compliance listing during the year as well as a further \$1,146,866 raised by way of convertible notes prior to the re-listing of the company; and
- At 30 June 2016, the consolidated entity's current assets were \$2,244,479 in excess of its current liabilities and net assets were \$2,464,428.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent MedAdvisor Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of controlled entities is contained in Note 6 of the Financial Statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(c) 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.

License fees

License fees are charged for the use of the MedAdvisor platform and the revenue recognized at the point at which the customer has agreed to the terms and conditions of use of the platform and installs the interface on their computer equipment and is able to benefit from and be rewarded for the use of the platform.

Rendering of services

Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

(d) Income tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(g) 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.

(h) Work in progress

Work in progress on services contract's in progress comprises the cost of labour directly related to the performance of the contract plus any other direct costs incurred in delivering the contract services.

(i) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to **Note 11** for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates and method of depreciation is as follows:

- Office equipment – diminishing value at 30% p.a.
- Office furniture – straight line at 20% p.a.
- Leasehold improvements – straight line over the unexpired period of the lease

(j) 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.

(k) 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. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. 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 amortization method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are

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not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(l) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) 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.

(o) 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 wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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Share-based payments

Equity-settled and cash-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. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is 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 is 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.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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.

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.

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(p) 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.

(q) 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.

(r) 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.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

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

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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.

(s) Earnings per share

Basic earnings per share

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

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.

(t) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortization.

(u) Goods and services tax (GST)

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.

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(v) New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective. Other than changes to disclosure formats, it is not expected that the initial application of these new standards in the future will have any material impact on the financial report.

Reference	Title	Summary	Application date (financial years beginning)
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 16, 19, 107 & 127 for issuance of AASB 9.	1 January 2018
AASB 14	<i>Regulatory Deferral Accounts</i>	This Standard permits first-time adopters to recognise amounts related to rate regulation in accordance with their previous GAAP requirements, when first adopting IFRS.	1 January 2016
AASB 1057	<i>Application of Australian Accounting Standards</i>	The AASB moved application paragraphs in all Australian Accounting Standards to this new standard, in order to maintain consistency with the layout of IFRS standards.	1 January 2016
AASB 2014-1 D	<i>Amendments to Australian Accounting Standards</i>	Part D of AASB 2014- 1 makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , which arise from the issuance of AASB 14 <i>Regulatory Deferral Accounts</i> in June 2014.	1 January 2016
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i>	This Standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	1 January 2016

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Reference	Title	Summary	Application date (financial years beginning)
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016
AASB 2014-6	<i>Amendments to Australian Accounting Standards – Agriculture: Bearer Plants</i>	This amending standard defines bearer plants, and requires bearer plants to be accounted for as property, plant and equipment within the scope of AASB 116 <i>Property, Plant and Equipment</i> .	1 January 2016
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i>	This amending standard allows entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	This amending standard requires a full gain or loss to be recognised when a transaction involves a business (even if the business is not housed in a subsidiary), and a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business (even if those assets are housed in a subsidiary).	1 January 2016
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>	The Standard makes amendments to various Australian Accounting Standards arising from the IASB's Annual Improvements process, and editorial corrections.	1 January 2016
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project.	1 January 2016

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Reference	Title	Summary	Application date (financial years beginning)
AASB 2015-5	<i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i>	This Standard makes amendments to AASB 10, AASB 12 and AASB 128 arising from the IASB’s narrow scope amendments associated with Investment Entities.	1 January 2016
AASB 2015-9	<i>Amendments to Australian Accounting Standards – Scope and Application Paragraphs</i>	This Standard inserts scope paragraphs into AASB 8 <i>Operating Segments</i> and AASB 133 <i>Earnings Per Share</i> , as the AASB inadvertently deleted the scope details from AASB 8 and AASB 133 when moving the application paragraphs to AASB 1057 <i>Application of Australian Accounting Standards</i> .	1 January 2016
AASB 2015-10	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i>	This Standard defers the application of the <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> amendments to AASB 10 and AASB 128 to 1 January 2018.	1 January 2016
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the effective date of AASB 15 <i>Revenue from Contracts with Customers</i> to 1 January 2018.	1 January 2017
AASB 15	<i>Revenue from Contracts with Customers</i>	It contains a single model for contracts with customers based on a five-step analysis of transactions for revenue recognition, and two approach, a single time or over time, for revenue recognition.	1 January 2018
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Consequential amendments arising from the issuance of AASB 15.	1 January 2018
AASB 9	<i>Financial Instruments</i>	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a “fair value through other comprehensive income” category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018

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Reference	Title	Summary	Application date (financial years beginning)
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	Consequential amendments arising from the issuance of AASB 9	1 January 2018
AASB 16	Leases	<p>AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.</p> <p>This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts, effectively resulting in the recognition of almost all leases on the statement of financial position.</p> <p>The accounting by lessors, however, will not significantly change.</p>	1 January 2019
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	2016-1 clarifies the accounting requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017

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Reference	Title	Summary	Application date (financial years beginning)
AASB 2016-3	Amendments to Australian Accounting Standards — Clarifications to AASB 15	2016- 3 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practical expedients on transition to AASB 15.	1 January 2018

(w) Comparative figures

Where required by Accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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.

Recovery of deferred tax assets

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

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Note 3: Earnings per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of MedAdvisor Limited as the numerator, i.e. no adjustments to profits were necessary during the year ended 30 June 2016.

	Consolidated	
	Jun-16	Jun-15
	\$	\$
Earning per share for loss from continuing operations of MedAdvisor Limited		
Loss for the year	(3,071,062)	(546,123)
	Cents	Cents
Basic loss per share	(0.55)	(0.45)
Diluted loss per share	(0.55)	(0.45)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	559,911,702	120,512,821
Adjustment for calculation of diluted earnings per share		
Options over ordinary shares	23,374,932	
Performance rights vested but not exercised	498,630	-
	<u>583,785,264</u>	<u>120,512,821</u>

Note 4: Issued Capital

a. Fully paid ordinary shares

	Jun-16	Jun-15	Jun-16	Jun-15
	Shares	Shares	\$	\$
Ordinary shares fully paid	686,986,688	120,512,821	6,508,117	1,622,436

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Movements in ordinary share capital

	Date	# of shares	Issue price	\$
Balance	01-Jul-14	117,500,000		1,622,436
Issue of success shares	02-Apr-15	3,012,821	\$ 0.1000	301,282
Share issue transaction costs, net of tax	02-Apr-15	-		(301,282)
Balance	30-Jun-15	120,512,821		1,622,436
Issue of top up shares	01-Jul-15	24,273,505		-
Issue of additional shares pursuant to share split of 2.625:1	12-Nov-15	235,277,779		-
Issue of shares to CEO	25-Sep-15	5,000,000	\$ 0.0200	100,000
Shares on issue to Exalt Resources Limited shareholders at the date of the reverse takeover	25-Sep-15	85,250,406		-
Issue of shares on relisting of MedAdvisor Limited	28-Sep-15	166,666,667	\$ 0.0300	5,000,000
Issue of shares as compensation for services rendered	12-Nov-15	1,000,000	\$ 0.0300	30,000
MedAdvisor International Pty Ltd Note Conversions	12-Nov-15	39,250,014	\$ 0.0240	942,000
Exalt Resources Limited Note Conversions	12-Nov-15	9,755,497	\$ 0.0210	204,866
Share issue transaction costs, net of tax	12-Nov-15	-		(1,391,185)
		<u>686,986,688</u>		<u>6,508,117</u>

b. Performance shares

	Date	Issued #
Balance	01-07-14	-
Balance	30-06-15	-
Founder performance shares ¹	25-09-15	170,000,000
Peloton Capital Pty Ltd performance shares ²	25-09-15	25,000,000
Macmillan Gold Associates Pty Ltd ³	25-09-15	55,000,000
Balance	30-06-16	<u>250,000,000</u>

¹ Founder performance shares will convert to ordinary shares upon satisfaction of any one of the following milestones:

50% of the founder performance shares shall convert upon the "MedAdvisor Platform" being activated at 2,500 pharmacies within a period of 2 years from the issue of the founder performance shares; and

50% of the founder performance shares shall convert upon the Company receiving annualised revenue from the MedAdvisor business (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the founder performance shares.

At the date of this report no founder performance shares were eligible to be converted or had been converted to ordinary shares.

² Peloton Capital Pty Ltd performance shares will convert to ordinary shares upon satisfaction of any one of the following milestones:

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50% of the Peloton performance shares shall convert upon the “MedAdvisor Platform” being activated at 2,500 pharmacies within a period of 2 years from the issue of the Peloton performance shares; and

50% of the Peloton performance shares shall convert upon the Company receiving annualised revenue from the MedAdvisor business (calculated over two consecutive calendar quarters) of no less than \$5,000,000, within a period of 3 years from the issue of the Peloton performance shares.

At the date of this report no Peloton performance shares were eligible to be converted or had been converted to ordinary shares.

³Macmillan Gold Pty Ltd performance shares will convert to ordinary shares upon satisfaction of any one of the following milestones:

5,000,000 MMG performance shares shall convert upon the achievement of the following milestones:

- (i) MMG will assist MedAdvisor in the development of the MedAdvisor Home Medication Review platform by facilitating an advisory panel of no less than eight experienced and reputable medical practitioners, and
- (ii) Following development and testing of the MedAdvisor Home Medication Review platform, MMG will facilitate a Pilot Study of no less than forty experienced and reputable medical practitioners to test the commercial and technical feasibility of viability MedAdvisor Home Medication Review platform, and
- (iii) MMG will assist Peloton Capital Pty Ltd to raise between \$750,000 and \$1,000,000 from third parties through a subscription for Convertible Notes in MedAdvisor International Pty Ltd prior to the commencement of the Pilot Study.

50,000,000 MMG performance shares shall convert upon the achievement of the following gross revenue generated by MedAdvisor from the commercialization of the MedAdvisor Home Medication Review platform:

	Revenue Target	Shares to be Issued	Aggregate shares issued
\$	1,000,000	10,000,000	10,000,000
\$	2,000,000	10,000,000	20,000,000
\$	4,000,000	12,500,000	32,500,000
\$	7,000,000	17,500,000	50,000,000

At the date of this report no MMG performance shares were eligible to be converted or had been converted to ordinary shares.

c. Read rights

	Date	Issued #	Vested #	Balance #
Balance	01-07-14	-	-	-
Balance	30-06-15	-	-	-
Employment rights	25-09-15	5,000,000	1,000,000	4,000,000
Performance rights	25-09-15	37,500,000	-	37,500,000
Balance	30-06-16	42,500,000	1,000,000	41,500,000

The Read Rights will vest on the achievement of the following milestones:

Continuous Service:	Operative Date	# of Rights
6 months service	31-Dec-15	1,000,000
18 months service	31-Dec-16	1,000,000

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36 months service	30-Jun-18	1,000,000
48 months service	30-Jun-19	1,000,000
60 months service	30-Jun-20	1,000,000
Total employment related rights		<u>5,000,000</u>

At the date of this report 1,000,000 employment related rights have vested but have not been exercised by Mr Read.

Performance targets:	Latest Date	# of Rights
Revenue targets -		
\$5,000,000	30-Nov-18	5,000,000
\$6,500,000	30-Nov-18	5,000,000
\$8,000,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Activated patients targets -		
500,000	30-Nov-18	5,000,000
750,000	30-Nov-18	5,000,000
1,000,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Active medical practitioner targets -		
2,500	30-Nov-18	5,000,000
3,750	30-Nov-18	5,000,000
5,000	30-Nov-18	2,500,000
		<u>12,500,000</u>
Performance related rights		<u>37,500,000</u>

The Read performance rights are cumulative upon achievement of each of the performance milestones. At the date of this report no Read performance rights were eligible to be vested or had been vested.

d. Options over unissued shares

	Date	Issued #
Balance	01-07-14	<u>16,008,568</u>
Balance	30-06-15	16,008,568
Bennetto options ¹	12-11-15	10,000,000
Peloton options ²	18-12-15	25,000,000
Lapsed options	31-12-15	(16,008,568)
Read rights vested ³	31-12-15	1,000,000
Employee incentive options ⁴	15-04-16	<u>9,050,000</u>
Balance	30-06-16	<u>45,050,000</u>

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¹ Bennetto unlisted options are exercisable at \$0.03 and expire 11 November 2018.

² Peloton unlisted options are exercisable at \$0.03 and expire 17 December 2018

³ Read unquoted employment rights are exercisable at no cost and have vested and are exercisable immediately

⁴ Employee incentive plan options are unquoted will vest in accordance with the rules of the plan. The current options on issue will expire 14 April 2031. At the date of this report no Employee incentive options have vested and 350,000 have been cancelled due to employee terminations.

e. Capital management

Management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management adjusts the capital structure to the extent possible to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is not subject to any externally imposed capital requirements, nor does it focus on obtaining debt as a key capital management tool.

Note 5: Reserves

Share options reserve

		\$
Balance	01-07-14	178,468
	30-06-15	178,468
Elimination of pre acquisition reserves on reverse takeover of parent	12-11-15	(178,468)
Value of Peloton options	25-09-15	310,000
Value of Bennetto options	12-11-15	118,086
Value of Employee Incentive options	30-06-16	19,174
Value of Read rights	30-06-16	168,654
		615,914

Note 6: Controlled entity

Name of controlled entity: MedAdvisor International Pty Ltd
 (ACN: 161 366 589)

Date on which controlled gained 12 November 2015

Additional information The acquisition of 100% of the issued capital of MedAdvisor International Pty Ltd is considered to be a reverse takeover under accounting standards, as such the figures in this financial report include the activities of MedAdvisor Limited since the date of the reverse acquisition of MedAdvisor International Pty Ltd as well as the activities of MedAdvisor International Pty Ltd for the financial year ended 30 June 2016.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

Note 7: Reverse acquisition accounting

On 12 November 2015, MedAdvisor International Pty Ltd original shareholders obtained a majority share interest in MedAdvisor Limited (formerly known Exalt Resources Limited) after a reverse acquisition transaction.

This transaction did not meet the definition of a business combination in AASB 3 'Business Combinations' as the net assets that existed within Exalt Resources Limited as at the date of acquisition did not represent a 'business' (as defined by AASB 3). The transaction has therefore been accounted for in the consolidated financial statements by reference to the accounting requirements of AASB 2 'Share-based payment' and AASB 3, as a deemed issue of shares which is, in effect, a share-based payment transaction whereby MedAdvisor International Pty Ltd original shareholders have acquired the net assets of MedAdvisor Limited (formerly known Exalt Resources Limited), together with the listing status of MedAdvisor Limited.

The consolidated financial statements represent a continuation of the financial statements of MedAdvisor International Pty Ltd. The following principles and guidance on the preparation and presentation of consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to MedAdvisor Limited (formerly known Exalt Resources Limited) assets and liabilities, not those of MedAdvisor International Pty Ltd;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the value of the notional amount of shares that MedAdvisor International Pty Ltd would have needed to issue shareholders of Exalt Resources Limited to acquire the same shareholding percentage in MedAdvisor Limited at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of MedAdvisor International Pty Ltd;
- an in-substance share-based payment transaction arises whereby MedAdvisor International Pty Ltd is deemed to have issued shares in exchange for the net liabilities of MedAdvisor Limited (together with the listing status of MedAdvisor Limited). The listing status does not qualify for recognition as an intangible asset. The excess of the value of consideration deemed to have been paid over the fair value of the net liabilities acquired has therefore, been expensed in profit or loss as a share based payment listing expense;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of MedAdvisor Limited, including the equity instruments issued by MedAdvisor Limited to effect the acquisition;
- the results for the year ended 30 June 2016 comprise the consolidated results for the entire year of MedAdvisor International Pty Ltd together with the results of MedAdvisor Limited from 12 November 2015; and
- the comparative result represents the consolidated financial year results of MedAdvisor International Pty Ltd only.

Note 8: Acquisition share based payments expense

On 12 November 2015, Exalt Resources Limited acquired 100% of the share capital of the MedAdvisor International Pty Ltd. MedAdvisor Limited (formerly known Exalt Resources Limited) issued 385,064,105 shares to the original shareholders of MedAdvisor International Pty Ltd. The issue of shares resulted in the MedAdvisor International Pty Ltd original shareholders holding a majority share interest in MedAdvisor Limited (formerly known Exalt Resources Limited).

This transaction has been accounted for as a share-based payment in accordance with AASB2 'Share-based payment' and the consolidated financial statements represent a continuation of the financial statements of MedAdvisor International Pty Ltd. The consolidated comparative numbers represent those of the consolidated MedAdvisor International Pty Ltd operations and not those of MedAdvisor Limited (formerly known Exalt Resources Limited) operations.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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The following table represents the assets and liabilities of Exalt Resources Limited that were acquired on its acquisition by MedAdvisor International Pty Ltd:

	\$
Net liabilities of Exalt Resources Limited at 12 November 2015 (Adjusted for capital raising costs relating to MedAdvisor Limited capital raising).	(319,767)
Assessed fair value of a listed shell in accordance with the mid-point value adopted in the Independent Expert's Report accompanying the notice to shareholders to approve the acquisition of MedAdvisor International Pty Ltd by Exalt Resources Limited.	150,000
Notional value of Exalt Resources Limited at 12 November 2015	\$ (169,767)

The following table represents the share based payment expensed to profit or loss on the acquisition by MedAdvisor International Pty Ltd:

	#
Issued share capital of Exalt Resources Limited as at 12 November 2015:	85,250,406
Ordinary shares	
Number of shares issued as consideration for the acquisition of MedAdvisor International Pty Ltd	385,064,105
Percentage ownership of Exalt Resources Limited by MedAdvisor International Pty Ltd shareholders:	81.87%
81.87% ownership of the Notional value of Exalt Resources Limited as at 12 November 2015:	(138,995)
Less:	
Net liabilities of Exalt Resources Limited at 12 November 2015 (Adjusted for capital raising costs relating to MedAdvisor Limited capital raising).	(319,767)
Excess of notional consideration over net liabilities acquired – expensed to the income statement as a listing expense	\$ 180,772

Note 9: Operating segments

The Board has determined that the Company presently has two reporting segments. The first being the business activities of the MedAdvisor medication management and adherence platform and the second being the corporate function associated with being an ASX listed company. The Board monitors the Company based on actual versus budgeted revenue and expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

MEDADVISOR LIMITED
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		2016	
	MedAdvisor	Corporate	Total
Segment revenues	1,762,429	56	1,762,485
Segment operating loss	(2,446,490)	(624,572)	(3,071,062)
Segment assets	3,598,587	47,201	3,645,788
Total assets	3,598,587	47,201	3,645,788
Segment liabilities	1,173,856	7,504	1,181,360
Total liabilities	1,173,856	7,504	1,181,360
Net assets	2,424,730	39,698	2,464,428

The Net Loss of \$624,572 attributed to Corporate includes the following non-cash expenses:

- a charge of \$180,772 which is classified as a Listing Cost and has resulted from the application of AASB 2 'Share-based payments' (refer Note 8 above)
- share based executive and employee's remuneration of \$187,828.

		2015	
	MedAdvisor	Corporate	Total
Segment revenues	1,904,456	-	1,904,456
Segment operating loss	(546,123)	-	(546,123)
Segment assets	821,897	-	821,897
Total assets	821,897	-	821,897
Segment liabilities	788,003	-	788,003
Total liabilities	788,003	-	788,003
Net assets	33,895	-	33,895

MEDADVISOR LIMITED
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FOR YEAR ENDED 30 JUNE 2016

	Consolidated	
	Jun-16	Jun-15
	\$	\$
Note 10: Revenues		
a. From continuing operations		
Sale of services	1,425,781	1,145,712
License Fee - Actavis Agreement (non recurring)	-	500,000
	<u>1,425,781</u>	<u>1,645,712</u>
b. Other Revenue		
Interest received	55,489	17,611
Sundry income - R&D Tax Concession	281,214	241,133
	<u>336,704</u>	<u>258,744</u>
Total revenues	<u><u>1,762,485</u></u>	<u><u>1,904,456</u></u>

Note 11: Expenses

Profit (loss) before income tax from continuing operation includes the following specific expenses:

a. Direct costs		
Distributions costs under previous GuildLink Agreement	186,129	531,069
Distributions costs under current GuildLink Agreement	131,487	-
Direct transaction costs	11,210	50,000
Direct costs of sms services	1,177	-
Managed services costs for the MedAdvisor Platform	52,520	52,966
	<u>382,523</u>	<u>634,035</u>
b. Employee Benefits Expenses:		
Development	921,617	702,275
Marketing	688,859	196,686
Administration	508,155	106,858
Governance	148,058	3,051
Share based employee remuneration	187,828	-
	<u>2,454,517</u>	<u>1,008,870</u>

MEDADVISOR LIMITED
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	Consolidated	
	Jun-16	Jun-15
	\$	\$
c. Depreciation		
Leasehold improvements	16,123	-
Office equipment	4,032	812
Office furniture	4,665	-
Total depreciation	24,820	812
Amortization	-	-
Copyrights	9,000	9,000
Total amortization	9,000	9,000
	33,820	9,812
d. Finance costs		
Interest and finance charges paid/payable	4,866	-
Other bank charges	3,960	5,534
Share based listing costs (Note 8)	180,772	-
Other listing costs	21,384	-
	210,981	5,534
e. Rental expenses on operating leases		
Minimum lease payments	165,084	47,808
f. Superannuation expense		
Defined contribution superannuation expense	195,093	112,981
Note 12: Income tax expense		
a. Tax expense/(income) comprises:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(3,071,062)	(546,123)
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30% (2015: 30%)	(921,319)	(163,837)

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	Jun-16	Jun-15
	\$	\$
Less:		
Tax effect of:		
- deferred tax assets not brought to account	921,319	163,837
Income tax expense / (benefit) attributable to entity	-	-
	0%	0%
The applicable weighted average tax rates are as follows:		
The value of deferred tax assets which have not been recognised in the statement of financial position	1,397,882	476,563

Note 13: Auditors remuneration

During the year the following fees were paid or payable for services provided by the auditor.

Audit and review of financial report	46,000	18,900
Other Services	15,500	-
	61,500	18,900

Note 14: Cash and cash equivalents

Cash on hand	303	203
Cash at bank	2,888,687	571,163
	2,888,990	571,366

Note 15: Trade and other receivables

Trade debtors	307,111	61,215
Other debtors	1,897	25,777
	309,008	86,992

Impairment of receivables

The consolidated entity has not recognised a loss in the profit or loss in respect of impairment of receivables for the year ended 30 June 2016

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$24,535 as at 30 June 2016 (Nil as at 30 June 2015).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

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NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	Jun-16	Jun-15
	\$	\$
The ageing of the past due but not impaired receivables are as follows:		
0 to 3 months overdue	24,535	-
Note 16: Other assets		
Exploration bonds	20,000	-
Prepayments	173,328	74,864
Work in progress	14,786	-
	208,114	74,864
Note 17: Property, plant and equipment		
Office equipment at cost	34,246	10,747
Less: Accumulated depreciation	4,844	812
	29,402	9,935
Leasehold improvements at cost	124,848	-
Less: Accumulated depreciation	16,123	-
	108,725	-
Office furniture at cost	34,074	-
Less: Accumulated depreciation	4,665	-
	29,409	-
Total property, plant and equipment	167,536	9,935

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Office Equipment	Leasehold Improvements	Office Furniture	Total
Balance at 1 July 2014	-	-	-	-
Additions	10,747	-	-	10,747
Depreciation	(812)	-	-	(812)
Balance 30 June 2015	9,935	-	-	9,935
Additions	23,499	124,848	34,074	182,421
Depreciation	(4,032)	(16,123)	(4,665)	(24,820)
Balance 30 June 2016	29,402	108,725	29,409	167,536

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NOTES TO THE FINANCIAL STATEMENTS
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	Consolidated	
	Jun-16	Jun-15
	\$	\$
Note18: Intangible assets		
Intellectual property at cost	99,140	96,740
Less: Accumulated amortization	27,000	18,000
	<u>72,140</u>	<u>78,740</u>

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Copyright	Trademarks	Total
Balance at 1 July 2014	81,000	3,460	84,460
Additions	-	3,280	3,280
Amortization	(9,000)	-	(9,000)
Balance 30 June 2015	<u>72,000</u>	<u>6,740</u>	<u>78,740</u>
Additions	-	2,400	2,400
Amortization	(9,000)	-	(9,000)
Balance 30 June 2016	<u>63,000</u>	<u>9,140</u>	<u>72,140</u>

Note 19: Trade and other payables

Trade creditors	254,930	191,442
Other creditors & accruals	469,610	68,758
	<u>724,540</u>	<u>260,199</u>

Note 20: Net income in advance

Gross pharmacy subscriptions in advance	138,707	275,367
Less: Costs applicable thereto		
Distribution costs	-	137,683
Discounts	5,791	7,785
Handling fees	-	3,910
	<u>5,791</u>	<u>149,378</u>
	<u>132,916</u>	<u>125,989</u>
Patient engagement program (PEP) fees in advance	<u>163,750</u>	<u>-</u>
Total income in advance	<u>296,666</u>	<u>125,989</u>

Note 21: Borrowings

Current		
Unsecured convertible loans	-	345,000

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	Consolidated	
	Jun-16	Jun-15
	\$	\$
Note 22: Employee entitlements		
Current		
Provision for annual leave	140,427	50,575
Non-Current		
Provision for long service leave	19,727	6,238
Note 23: Accumulated losses		
Accumulated losses at the beginning of the year	(1,588,541)	(1,042,418)
Net profit / (loss)	(3,071,062)	(546,123)
Accumulated losses at the end of the year	(4,659,603)	(1,588,541)

Note 24: Financial risk management

The company's financial instruments consist mainly of deposits with banks, trade receivable, trade payable and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and equivalents	2,888,990	571,366
Loans and receivables	309,008	86,992
	<u>3,197,998</u>	<u>658,358</u>

Financial Liabilities

Financial liabilities at amortised cost		
- Trade and other payables	724,540	260,199
- Convertible note borrowings	-	345,000
	<u>724,540</u>	<u>605,199</u>

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Directors' on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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a. Interest Rate Risk

Exposure to interest risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will effect future cash flows or the fair value of fixed rate financial instruments

b. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Entity manages this risk through the following mechanisms:

Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities.

Note	Within 1 Year 30-06-16	Within 1 Year 30-06-15
Financial liabilities due for payment		
Trade and other payables	724,540	260,199
Convertible notes	-	345,000
	724,540	605,199
Financial assets - cash flows realisable		
Cash and equivalents	2,888,990	571,366
Trade, term and loans receivables	309,008	86,992
	3,197,998	658,358
<u>Net (outflow)/inflow on financial instruments</u>	2,473,458	53,159

c. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Entity.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date. Customers who do not meet the Entity's strict credit policies may only purchase in cash or only use recognised credit cards.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 15.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

MEDADVISOR LIMITED
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Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts on financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of the instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

	30-06-16	
	Net Carrying Value	Net Fair Value
Financial Assets		
Cash and equivalents	2,888,990	2,888,990
Loans and receivables	309,008	309,008
	<u>3,197,998</u>	<u>3,197,998</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	724,540	724,540
- Convertible note borrowings	-	-
	<u>724,540</u>	<u>724,540</u>
	30-06-15	
	Net Carrying Value	Net Fair Value
Financial Assets		
Cash and equivalents	571,366	571,366
Loans and receivables	86,992	86,992
	<u>658,358</u>	<u>658,358</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	260,199	260,199
- Convertible note borrowings	345,000	345,000
	<u>605,199</u>	<u>605,199</u>

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Consolidated	
Jun-16	Jun-15
\$	\$

Note 25: Reconciliation of profit/(loss) after tax to net cash flow from operations

(a) Reconciliation of cash to the statement of cash flows:

Cash assets - Note 14	2,888,990	571,366
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(b) Reconciliation of profit from ordinary activities to net cash used in operating activities

Profit after income tax	(3,071,062)	(546,123)
Add: non cash items		
- Depreciation and amortisation	33,820	9,812
- Non cash share based payments	187,828	-
- Non cash listing costs	180,772	-
	402,420	9,812

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries

- (Increase) decrease in receivables	(279,793)	(108,269)
- (Increase) decrease in other assets	(14,785)	-
- Increase (decrease) in payables / creditors	416,839	167,177
	122,260	58,908
Net cash flows used in operating activities	(2,546,382)	(477,403)

Note 26: Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 27: Capital and leasing commitments

On 21 July, 2015 the Company entered into a non-cancellable operating lease for new offices.

The lease commences on 1 September 2015 for a term of 5 years and provides for an initial rent free period of 10 months.

Operating lease commitments

- not later than one year	202,293	60,467
- later than one year and not later than five years	701,815	867,441
	904,108	927,908

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Note 28: Events subsequent to the reporting date

On 31 August 2016 the Company entered into an agreement to acquire Health Enterprises 2 Pty Ltd (Healthnotes) which operates the Healthnotes business for a total consideration of \$5.5 million on a cash-free, debt-free basis, paid as 60% cash and 40% scrip.

The acquisition is subject to the following conditions precedent:

- The completion of confirmatory due diligence. To date the Company has appointed HWL Ebsworth, McGrathNicol as external advisors to complete the preliminary legal and financial due diligence. Commercial and Technical due diligence has been undertaken by MedAdvisor.
- The obtaining of all approvals of MedAdvisor's shareholders which are necessary under the Corporations Act and the ASX Listing Rules to implement the transaction.
- A capital raising to raise no less than \$6 million.

The Company has received in-principal advice from ASX that Listing Rules 11.1.2 and 11.1.3 do not apply to the proposed acquisition.

Apart from the matters detailed above, no other matter or circumstance has arisen since 30 June 2016 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 29: Other related party transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

SwinTech Pty Ltd and NostraData Pty Ltd are associated entities of the Company which associates have entered into the following related party transaction with the Company during the financial year.

a. Related party transactions with SwinTech Pty Ltd -

Total value rent and outgoings	<u>13,864</u>	<u>47,808</u>
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b. Related party transactions with NostraData Pty Ltd -

Total value of consulting and marketing services	<u>47,381</u>	<u>87,072</u>
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Amounts due and payable to NostraData Pty Ltd at the end of the financial year included in trade and other payables

<u>8,905</u>	<u>24,305</u>
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MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

Note 30: Parent entity information

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

	Parent	
	2016	2015
<i>Statement of profit or loss and other comprehensive income</i>		
Loss after income tax	(461,013)	(666,965)
Total comprehensive income	(461,013)	(666,965)
<i>Statement of financial position</i>		
Total current assets	47,201	197,699
Total assets	5,222,229	197,699
Total current liabilities	7,504	304,581
Total Liabilities	7,504	304,581
Net assets	5,214,726	(106,882)
<i>Equity</i>		
Issued capital	5,059,825	11,940,409
Share options reserve	615,914	178,468
Accumulated losses	(461,013)	(12,225,759)
Total equity	5,214,726	(106,882)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments – property plant & equipment

The parent entity had no capital commitments for property plant & equipment as at 30 June 2016 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.

Note 31: 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:

MEDADVISOR LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2016

	Consolidated	
	Jun-16	Jun-15
	\$	\$
Short-term employee benefits	891,196	282,945
Share based entitlements	316,740	-
Total compensation	1,207,936	282,945

MEDADVISOR LIMITED

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 23 to 61, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company;
2. the Chairman has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view; and
3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Bennetto
Chairman
19 September, 2016
Sydney, NSW.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MEDADVISOR LIMITED

Report on the Financial Report

We have audited the accompanying financial report of MedAdvisor Limited, which comprises the consolidated statement of financial position as at 30 June 2016, and 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 year 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 year's end or from time to time during the financial year.

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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity'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 opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MedAdvisor Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of MedAdvisor 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 30 June 2016 and of its performance for the year 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 Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates the consolidated entity reported operating losses of \$3,071,062 (2015: \$546,123 loss) and the consolidated entity reported cash outflows from operating activities of \$2,546,382 (2015: \$447,403 outflow). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of MedAdvisor Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



RSM AUSTRALIA PARTNERS



P FRASER

Partner
Melbourne, VIC
20 September 2016

MEDADVISOR LIMITED
SHAREHOLDER INFORMATION
30 JUNE 2016

The shareholder information set out below was applicable as at 6 September 2016

Distribution of equitable securities

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

			Number of holders of ordinary shares	
			#	%
1	to	1,000	20	2.2%
1,001	to	5,000	4	0.4%
5,001	to	10,000	56	6.3%
10,001	to	100,000	426	47.6%
100,001	and over		389	43.5%
			895	100.0%
Holding less than a marketable parcel			94	10.5%

Equity security holders

Twenty largest quoted security holders

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

	Ordinary shares	
	Number held	% of total shares issued
Viv Swinnerton	106,837,500	15.55%
Kojent Pty Ltd	87,750,000	12.77%
Romida Enterprises Pty Ltd	58,500,000	8.52%
JP Morgan Nominees Australia	19,695,038	2.87%
HSBC Custody Nominees	18,454,845	2.69%
Sigma Company Limited	16,666,667	2.43%
Morgan Stanley Australia	15,468,571	2.25%
Provare Pty Ltd	13,125,000	1.91%
Ethan Allen Investments Pty Ltd	11,298,080	1.64%
Sayers Invest (ACT) Pty Ltd	10,000,000	1.46%
Mr Gary Gascoigne	9,733,334	1.42%
Pylara Pty Ltd	9,266,667	1.35%
RP Superfund Pty Ltd	6,666,667	0.97%
ABN Amro Clearing Sydney	5,533,914	0.81%
Clear Range Pty Ltd	5,533,333	0.81%
Jeff Towler Building Pty Ltd	5,533,295	0.81%

Prescient Health Care Pty Ltd	5,250,000	0.76%
Gread Management Pty Ltd	5,330,000	0.78%
SMC Capital Pty Ltd	4,750,000	0.69%
Delbris Pty Ltd	4,403,333	0.64%
	<u>419,796,244</u>	<u>61.11%</u>

Unquoted equity securities

Options over ordinary shares issued

	Number on issue	Number of holders
Options over ordinary shares issued	44,050,000	22
Rights over ordinary shares issues	1,000,000	1

Escrowed securities

Restricted securities

Class	Expiry Date	Number of shares
Ordinary shares	01-Dec-17	2,779,962
Ordinary shares	01-Dec-18	296,800,073
		<u>299,580,035</u>

Substantial shareholders

Substantial shareholders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Viv Swinnerton	106,837,500	15.55%
Kojent Pty Ltd	87,750,000	12.77%
Romida Enterprises Pty Ltd	58,500,000	8.52%