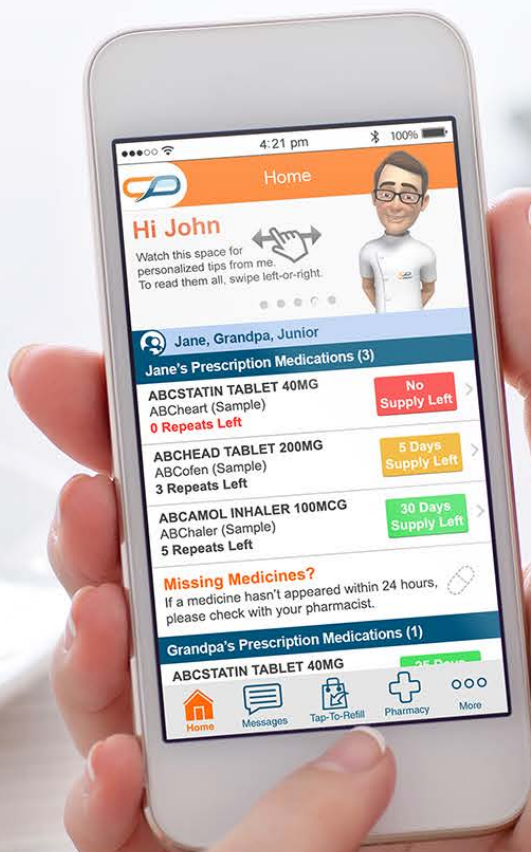




Annual financial report  
for the year ended  
30 June 2017



MedAdvisor Limited  
ABN 17 145 327 617



MedAdvisor Limited (ASX:MDR) delivers a connected health system that empowers patients. Our purpose is to relentlessly innovate to improve access and convenience to healthcare to help people be healthier.

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## Chairman's Letter

Dear Shareholders,

### MedAdvisor's Genesis

Empathizing with his Mother Viv, who was battling with two chronic diseases and multiple medications in our disjointed paper-based healthcare system, Josh Swinnerton conceived the ideas that became MedAdvisor. AIHW statistics suggest that Viv was one of 12 million Australians who have a chronic disease for which they are managing medications without visibility or control.

Our purpose is to innovate to improve convenience and access to healthcare, so ultimately people feel better. We enable people who take medication to track, manage and order their medications with ease. We ensure that they have convenient access, avoid waiting at pharmacy or their GPs, and have the critical information they need to take their medications safely, effectively and on time. We assist pharmacists and doctors in providing efficient care for their patients, and facilitate effective communication from pharmaceutical manufacturers to patients to improve the impact of their medication and therefore the adherence that lifts sales.

Non-adherence to medication is a US \$650B global problem. Research suggests people on chronic medications take about half the doses prescribed by their doctors. This is a huge health problem and significant revenue issue for providers in the market.

Viv Swinnerton passed on recently. Josh's vision has grown to improve the lives of over 800,000 Australians. He and our MedAdvisor team are improving, are growing – with our unflinching purpose being to serve people better.

### Our Year in Review

It is with great pleasure that we bring you this year's annual report, and I am delighted to welcome new shareholders.

In October 2016 MedAdvisor successfully raised \$8 million to finance acquisitions and to drive our growth initiatives. We were pleased that many of our existing shareholders as well as new investors took part in the Placement. Several of our pharmacy groups joined in the Placement, providing strong industry recognition of our offering and their commitment and support to MedAdvisor.

### Well positioned in a growing market

MedAdvisor is positioned in the growing health technology sector that continues to gain pace as the driving factors in the market become stronger. It has been estimated by [GreatCall](#) that 52% of people gather health related information on their smartphone. This is a staggering proportion and likely doesn't even include those that use online only platforms, such as MedAdvisor.

Prolonged waiting periods and increasingly busy lifestyles add to the challenge of keeping on top of medication management. As more and more general practitioners adopt digital technologies as part of their care programs, MedAdvisor is well placed with its GP and pharmacy networks to become the 'go-to' application for medication management. By increasing the connectivity between the patient and their caregiver, we are improving their healthcare and removing friction that exists within the system.

Ultimately, at MedAdvisor we aim to increase convenience and improve health for the consumer and to drive efficiencies for the health care practitioners. The healthcare system is complex and we have created a simple and effective tool to navigate those complexities. New features were added this year including the ability to provide specialist referrals, pathology results, secure messaging services, eConsultations and online bookings - all aimed at simplifying the health care experience for the patient.

All of these functions and features enhance MedAdvisor's ease of use for patients.

### Exceptional growth this year

The growth we have experienced this year across our user base has been exceptional. Since the end of the 2016 financial year, we have achieved more than 350% growth reaching over 837,000 users. We now represent ~50% of Australian pharmacies, through a strong network of over 2,650 pharmacies subscribing to the platform and promoting MedAdvisor among their customers.

Patient engagement has also been increasing, evidenced by the growing use of our Tap to Refill function. We processed a total of \$166 million value of scripts this year vs \$40 million in the previous financial year.

### Expanding Management Team

This year, we were delighted to welcome a number of new members to our executive team. Mr Ashley Falting and Mr Saurabh Mishra joined the

management team from Healthnotes following the successful acquisition, bringing with them a wealth of health-tech industry experience. They have been instrumental in the seamless integration of the two businesses.

We also welcomed Dr David Chatterton as Chief Technology Officer and Mr Simon Chamberlain as General Manager - Product & Strategy. These two senior appointments are indicative of our growth strategy and the growth phases we are targeting domestically and internationally.

#### **Looking ahead**

In the 2018 financial year our focus is squarely set on seeking further growth domestically, along with exploring international opportunities. We expect to see some of these come to fruition in 2018.

There are estimated to be 12 million people in Australia with a chronic disease that requires regular medication. Our current patient user base accounts for less than 14% of the potential patient market, giving us a significant opportunity for further domestic growth. We will be working closely with our substantial pharmacy network and disease group partners to increase our market penetration of patients within Australia.

By working alongside pharmacies, we increase our patient users and increase the pharmacist's revenue opportunities.

We are set for another year of milestones and have in place a solid foundation for ongoing growth.

I look forward to sharing further progress with you throughout the year and take this opportunity to thank MedAdvisor's dedicated staff for their hard work this year, and our loyal shareholders for their continued support.

Yours Sincerely



**Peter Bennetto**

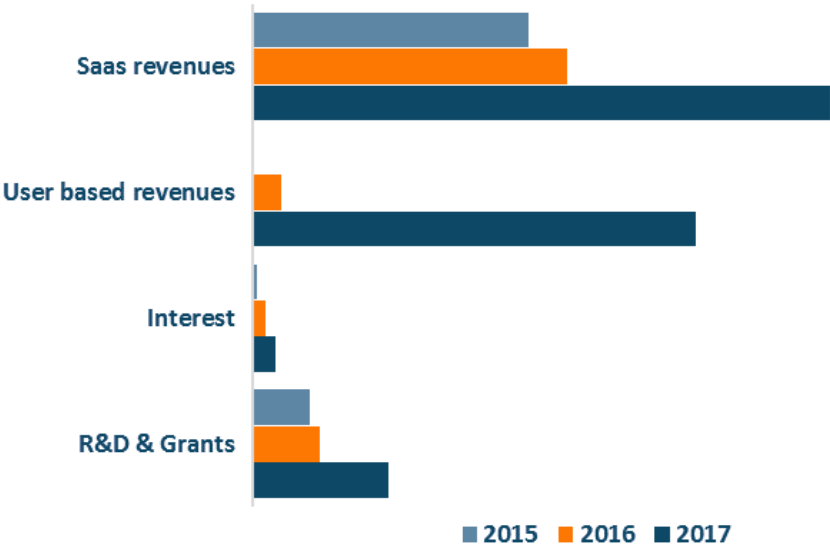
Chairman

Camberwell, 29 August 2017.

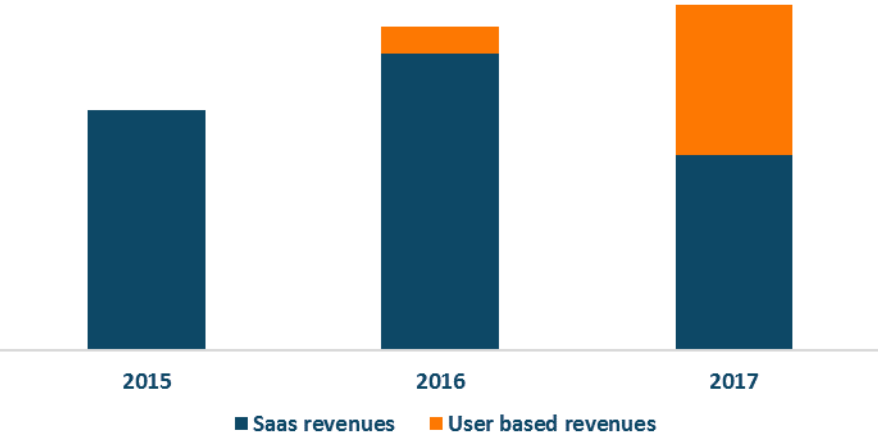


Summary of 2017 financial year results

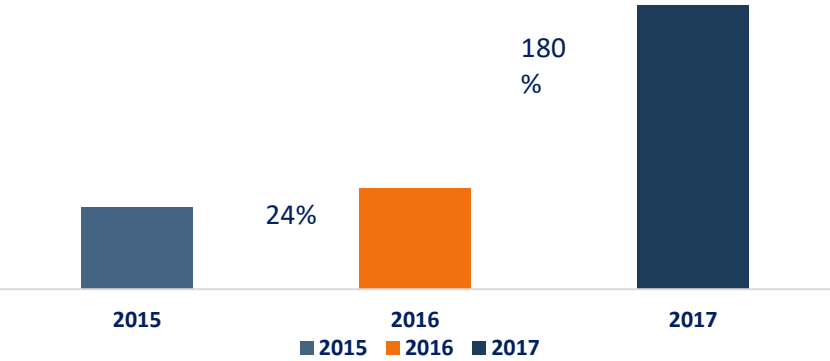
Revenues by year



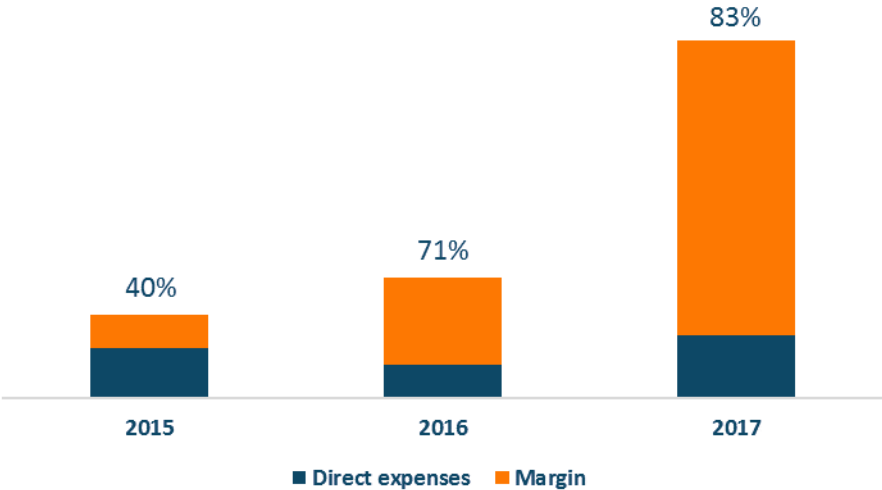
Fixed v user based operating revenue



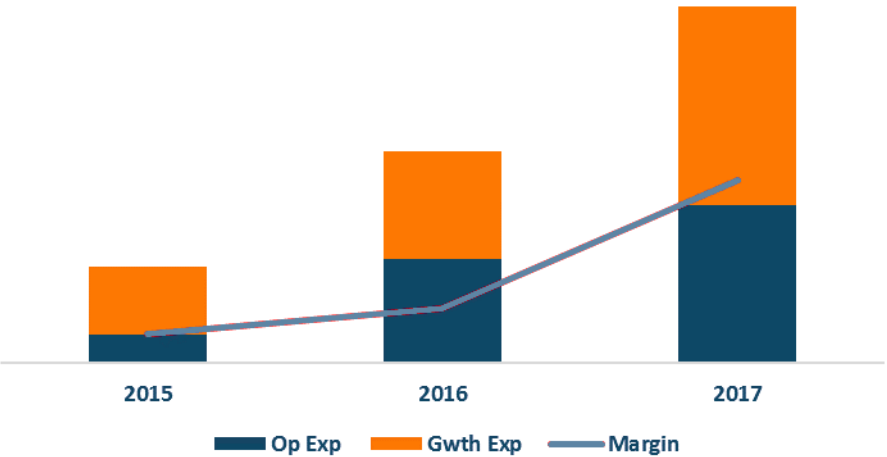
Growth in operating revenues



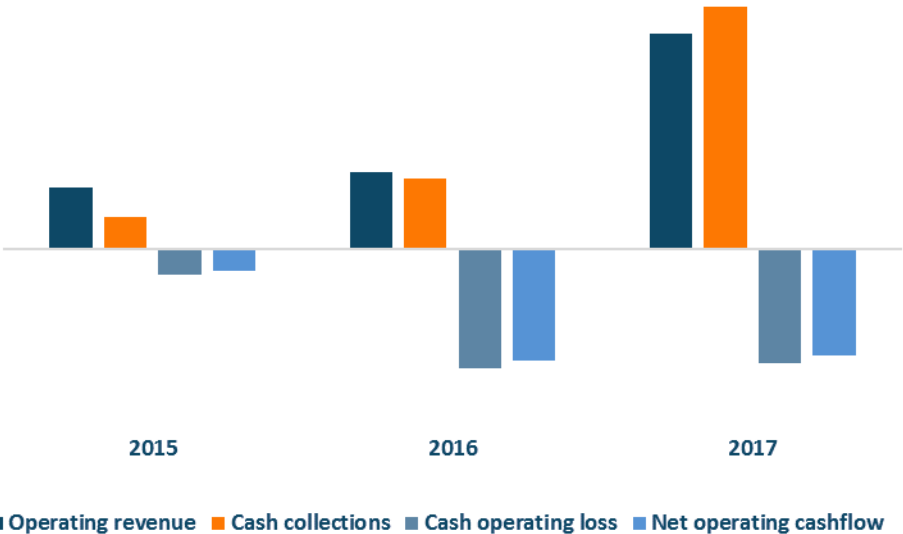
Margins by year



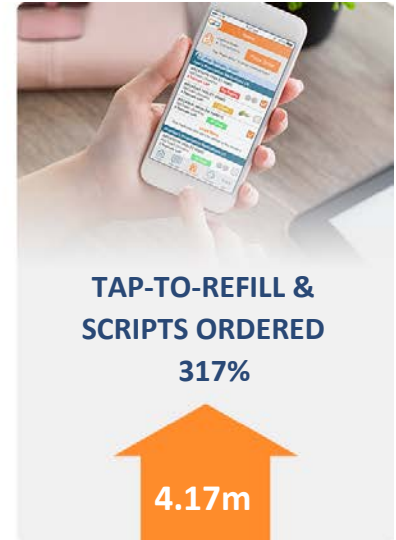
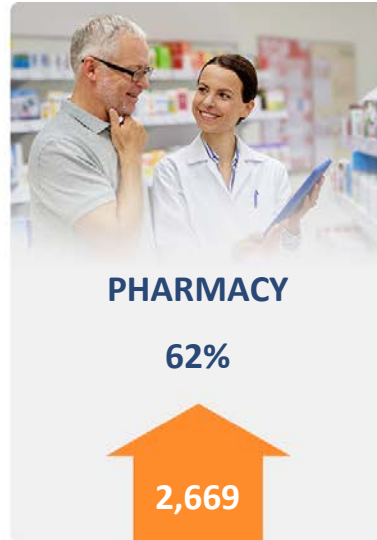
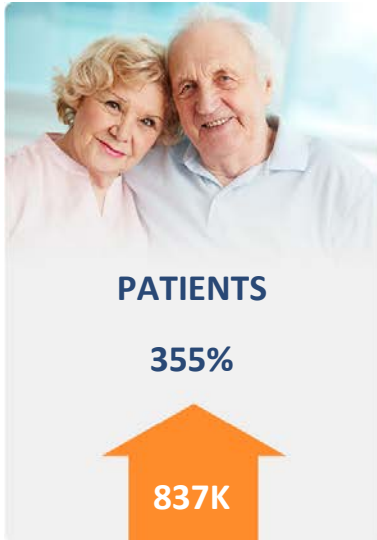
Operating and growth expenses to gross margin



Operating performance to cash



## Key drivers



### Growing our Business



- MedAdvisor has grown patients from 184,000 to over 830,000 by encouraging users via pharmacy and other channels and via acquisitions of Healthnotes and OzDocsOnline,
- MedAdvisor now has strong representation in all major pharmacy groups
- We have had success in adding more pharmaceutical companies as clients. We now work with over 12 global firms including Pfizer, Astra Zeneca and Novartis.
- Through the acquisitions we have increased our connections with GPs. We now communicate regularly with over 5000 GPs, with over 1800 using one of our on-line portals for script management.
- We have started adding in new services for patients and pharmacies that allow for transaction based pricing. These will become more important as the business grows.

### Industry alliances



- New alliances with Diabetes Australia, Asthma Australia, Osteoporosis Australia, the Stroke Foundation and Epilepsy Action Australia has created additional referral opportunities and augmenting the MedAdvisor Brand.
- MedAdvisor formed a new relationship with Bupa and Healthscope to assist with the transition from Hospital to Home for high risk patients leaving certain hospitals.
- Partnership with iHealth to allow users to not only track their medications but soon enable users to track key health metrics through Bluetooth devices such as scales, blood glucose monitors and blood pressure monitors.

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## Product innovation



- Development and launch of the new “PlusOne” in pharmacy platform that links pharmacies with GPs, provides an enhanced SMS platform, and a new program for pharmacy to manage and generate revenue through Professional Services programs.
- In collaboration with Diabetes Australia, MedAdvisor introduced new capabilities that allow patients living with Diabetes to track, manage and order Diabetes consumables, including ability to scan barcodes to identify products accurately. This was further extended to allow users to track, manage and order over the counter products such as vitamins.
- New “skip the queue” feature allowing patients to request repeat scripts directly form their own connected GP or from a MedAdvisor On Demand GP.
- New OzDocsOnline features also adding the ability to book online GP appointments, receive pathology test results and specialist referrals through the platform.

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## People



- Appointment of a new CTO, Dr David Chatterton a seasoned CTO from high growth technology business, Aconex (ASX:ACX)
- The appointment of Simon Chamberlain as General Manager – Product & Strategy.
- Increases in technical and marketing teams to support new growth initiatives

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## Expansion of operations



- Continuing investment in the local business focusing on attracting more users to the platform
- Improving the infrastructure to allow the business to scale more significantly.
- Actively pursuing opportunities for international expansion.





## Full year profit and loss highlights

	2017 \$ 000's	2016 \$ 000's	Change	
			\$ 000's	%
<b>Revenues</b>				
Revenues from services	4,243	1,426	2,817	198%
R&D tax concession	522	281	241	86%
Government grants	41	-	41	n/a
<b>Total operating revenue</b>	<b>4,806</b>	<b>1,707</b>	<b>3,099</b>	<b>182%</b>
<b>Direct costs</b>				
Direct costs	(734)	(383)	(351)	92%
Gross profit	3,509	1,043	2,466	236%
Gross margin <sup>1</sup>	83%	71%		
<b>Major Expenses (exc. non-cash expenses)</b>				
Development	(1,810)	(1,153)	(657)	57%
Marketing & sales	(2,564)	(1,552)	(1,012)	65%
New market development	(324)	-	(324)	n/a
Administration	(1,696)	(871)	(825)	95%
Governance & listing costs	(272)	(468)	196	-42%
<b>Cash loss from ordinary operations</b>	<b>(2,594)</b>	<b>(2,719)</b>	<b>125</b>	<b>-5%</b>
Net finance income	95	51	45	88%
Depreciation & amortization	(140)	(34)	(107)	315%
Share based remuneration	(657)	(188)	(469)	250%
One off transaction costs	(134)	(181)	47	-26%
<b>Loss from continuing operations</b>	<b>(3,430)</b>	<b>(3,071)</b>	<b>(359)</b>	<b>12%</b>

<sup>1</sup> - margins are based on Revenues from services

Revenue has grown due to expansion of our pharmacy network plus acquisitions. New transactional revenue streams are reducing our reliance on SaaS revenue. PEP revenues continue to grow as our patient base grows.

Margin management continues to be a priority, margins have grown from 71% to 83%.

Our goal is to provide better health outcomes by innovating and growing. Our strategy is to invest strongly, both domestically and offshore, to achieve this goal.



## Summary balance sheet

	2017	2016	Change	
	\$ 000's	\$ 000's	\$ 000's	%
<b>Current assets</b>				
Cash & cash equivalents	4,835	2,889	1,946	67%
Other current assets	612	517	95	18%
	5,447	3,406	2,041	60%
<b>Non-current assets</b>				
Property plant & equipment	190	168	22	13%
Intangible assets	5,463	72	5,391	7473%
	5,653	240	5,413	2258%
<b>Total assets</b>	<b>11,100</b>	<b>3,646</b>	<b>7,454</b>	<b>204%</b>
<b>Current liabilities</b>				
Trade & other payables	1,016	725	291	40%
Income in advance	285	297	(12)	-4%
Employee benefits	394	140	254	181%
	1,695	1,162	533	46%
<b>Non-current liabilities</b>				
Employee benefits	50	20	30	151%
	50	20	30	151%
<b>Total liabilities</b>	<b>1,745</b>	<b>1,181</b>	<b>563</b>	<b>48%</b>
<b>Net assets</b>	<b>9,355</b>	<b>2,464</b>	<b>6,891</b>	<b>280%</b>
<b>Net tangible assets</b>	<b>3,891</b>	<b>2,392</b>	<b>1,499</b>	<b>63%</b>

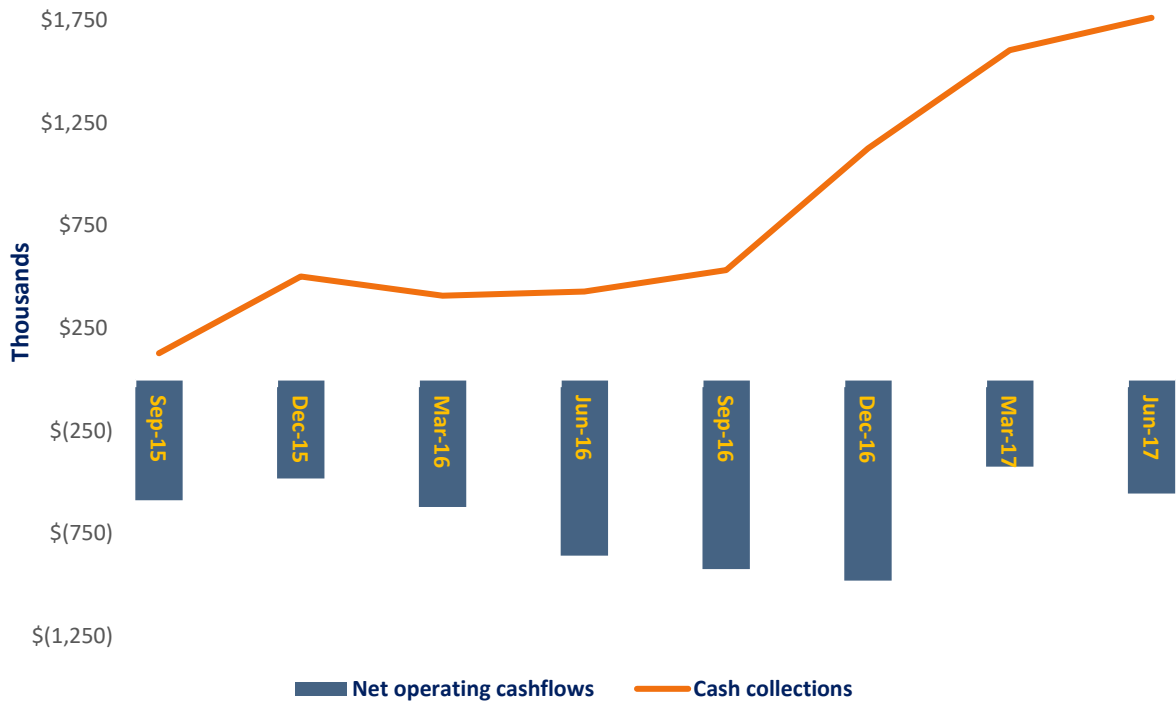
## Summary operating cash flow

	2017	2016	Change	
	\$ 000's	\$ 000's	\$ 000's	%
<b>Operating cash inflows</b>				
Receipts from customers	4,949	1,324	3,625	274%
R&D tax concession	522	281	241	86%
Government grants	41	-	41	n/a
Interest	90	55	35	63%
	5,602	1,661	3,941	237%
<b>Operating cash outflows</b>				
Payments to suppliers	4,259	2,133	2,126	100%
Payments to employees	3,743	2,075	1,668	80%
	8,002	4,207	3,795	90%
<b>Net operating cash flows</b>	<b>(2,401)</b>	<b>(2,546)</b>	<b>146</b>	<b>-6%</b>

Revenue has grown strongly, and gross cash inflows further boosted by the increase in the r&d tax concession plus grants

We continue to invest in growth and cost increases have been in line with our expectations.

## Normalised Quarterly Cash Flow - FY16 & FY17



The net operating cash flows and cash collections have been normalised by adjusting for the effects of receipt of the R&D Tax Concession, annual subscriptions receipts and PEP receipts by averaging those receipts over the year to which they relate.



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## 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 & Executive Director 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 Tuesday 24 <sup>th</sup> October, 2017	
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 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	<a href="http://www.medadvisor.com.au">www.medadvisor.com.au</a>	

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## 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 2017.

### Directors

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

<b>Peter Bennetto</b>	Non-Executive Chairman
<b>Robert Read</b>	Executive Director / Chief Executive Officer (appointed 12 November 2015)
<b>Joshua Swinnerton</b>	Executive Director / Founder (appointed 12 November 2015)
<b>Jim Xenos</b>	Non-Executive Director (appointed 12 November 2015)
<b>Sandra Hook</b>	Non-Executive Director (appointed 22 January 2016)

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#### **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.

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#### **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 extensive commercial experience in a wide range of businesses, including Director of Commercial Strategy and Operations in one of the world's leading pharmaceutical companies, and roles in Venture Capital and Private Equity. Robert brings a wide range of skills to the position of CEO - in leadership, sales and marketing, financial performance improvement and a deep understanding of the requirements to successfully grow early stage businesses.

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#### **Joshua Swinnerton, Executive Director/ Founder, 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.

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#### **Jim Xenos, Non-Executive Director, Appointed 12 November 2015** **BSc, DipEd, AFAIM, GAICD.**

Member of Audit and Risk Committee  
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.

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

Member of the People and Remuneration Committee  
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

2017	Board Meetings	
	Meetings held	Meetings attended
Peter Bennetto	11	11
Robert Read	11	11
Joshua Swinnerton	11	10
Jim Xenos	11	11
Sandra Hook	11	11

2017	Committee Meetings		People & Remuneration		Audit & Risk	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
Peter Bennetto	4	4	1	1	1	1
Robert Read	4	4	1	1	1	1
Jim Xenos	4	4	0	0	0	0
Sandra Hook	3	3	1	1	1	1

## Principal activities

The principal activities of the Entity have continued to be 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.

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## **Operating results**

During the year, the Company reported a net loss of \$3,429,927 (2016 \$3,071,062). Operating revenue totaled \$4,242,746 million, growing 198% from the prior financial year (2016 \$1,425,781).

## **Dividends**

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

## **Review of operations**

This financial year was the Company's first full financial year trading as a public company since re-listing on the ASX in December 2015. Throughout the year MedAdvisor has successfully grown the business, both organically and through M&A activities.

## **Acquisitions**

In October 2016, MedAdvisor completed the acquisition of Health Enterprises 2 Pty Ltd (Healthnotes), another leader in the healthcare technology and patient communication space. This acquisition has provided MedAdvisor with a number of key benefits: expansion of both the pharmacy network and patients, new technical capabilities through the Healthnotes platform, potential for new revenue streams, and additional development capabilities through the Healthnotes team, all of which have significantly accelerated our growth.

The acquisition of Healthnotes delivered growth across the pharmacy network with the addition of 800 (net adjusting for duplicated customers) pharmacy subscribers and more than 300,000 patients, strengthening MedAdvisor's market position. The acquisition also added new capability to facilitate script processing for nursing homes and pharmacies connecting through links with over 4,000 GPs. Healthnotes has over 1,400 GP's who are connected to the Healthnotes script processing platform.

The acquisition brought significant technology benefits that were integrated into the MedAdvisor platform during the financial year. This integration and technology developments culminated in the launch of the Company's new PlusOne platform.

In February 2017 MedAdvisor completed the acquisition of OzDocsOnline for a total cash consideration of \$150,000 excluding transaction costs. Upon completion, the Company integrated OzDocsOnline services into its capabilities, which has enabled MedAdvisor to offer its users additional services including specialist referrals, pathology results, secure messaging services, eConsultations and online bookings. OzDocsOnline also brought relationships with over 100 new clinics and ~300 General Practitioners.

## **Platform Growth**

MedAdvisor began the year with a user base of 184,000 patients, which increased to over 837,000 at the end of the reporting period. This growth of more than 350% was driven organically from the Company's marketing efforts and promotion of the app through its pharmacy network; plus the acquisition of Healthnotes in October 2016 and OzDocsOnline in February 2017.

The pharmacy market is highly fragmented, Government pharmacy ownership restrictions has resulted in approximately 5,400 pharmacies controlled by 3,500 individual owners. This fragmentation is increased further as there are 13 pharmacy dispensing systems in the market. It is a hard market to access at scale, but by increasing the MedAdvisor pharmacy network by ~1,000 pharmacies during the year, our network is now over 2,600, representing nearly 50% of pharmacies nationally. The Company now has a strong presence with all leading pharmacy names including but not limited to Discount Drug Stores, Blooms, Good Price Pharmacy Warehouse, Priceline, Amcal, Optimal and Terry White Chemmart.

Adherence to medications is a global problem. The World Health Organisation estimates that ~50% of prescribed chronic medications are taken in developed countries. MedAdvisor has further assessed de-identified data of 1.3m patients on chronic medications in Australia and Australians only take their medications 54% of the time. This means that patients are not getting the health benefits that their doctors intend, the Government is not getting what they

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pay for in terms of keeping people out of the Health System and pharmacies and manufacturers are missing out on vital revenues.

To address this issue MedAdvisor has a unique platform through which pharmaceutical manufacturers can access patients through Patient Engagement Programs (PEPs) to help educate them on why and how to take their medication safely, effectively and on time.

Throughout the year PEPs experienced significant growth and MedAdvisor is now partnered with nine of the largest pharmaceutical manufacturers in Australia, including GlaxoSmithKline, Novartis, Bristol Myers Squibb, Pfizer, AstraZeneca and more. We managed a total of 21 PEPs on the platform during the year. The opt out rates for these are very low, averaging less than 1%, meaning patients are finding the information highly valuable. The incremental lift in adherence is also delivering strong Return on Investment for manufacturers on top of the data and insights that MedAdvisor delivers.

Scripts ordered through the MedAdvisor platform have increased significantly. The Tap to Refill function grew strongly, with the weekly value of scripts ordered through the platform, including nursing home scripts, growing from an average of \$1.1 million at the end of 2016 to over \$4.5 million per week at the end of FY 2017; growth of more than 310%. The value of scripts processed in FY17 totalled \$166 million, which is 317% ahead of FY16: \$40 million.

### ***Technology Development and Enhancements***

MedAdvisor continued to invest in research and development to improve our pharmacy and patient functionality and experience. The acquisitions of Healthnotes and OzDocsOnline delivered new capabilities that have strengthened the offering and expanded the services MedAdvisor can provide its customers.

#### *Patients*

MedAdvisor launched new capabilities in collaboration with Diabetes Australia to allow patients to track, manage and order their Diabetes Consumables. These included the option to scan barcodes and identify products from images to ensure they are getting the right products from an extensive catalogue. In addition, MedAdvisor added an opportunity to track, manage and order over the counter products including vitamins, pain, allergy and cold and flu products. This will provide opportunities for manufacturers to add more information about their products.

#### *Launch of Enhanced Pharmacy Software “PlusOne”*

In July 2017 MedAdvisor launched its new pharmacy software platform “PlusOne” which provides additional pharmacy services including linking pharmacies with GPs, an enhanced SMS Platform, Professional Services tracking, and advanced business analytics as well as expanding revenue opportunities for MedAdvisor and its pharmacy subscribers.

The PlusOne platform enables pharmacies to manage their customer relationships including medication management on the MedAdvisor app or via SMS; improves the efficiency of their marketing and their ability to drive new in-pharmacy services. PlusOne stimulates demand, books and tracks appointments, and provides records and analysis of their business. PlusOne will include a marketplace through which Program funders can offer new services to pharmacies and patients via a central hub.

MedAdvisor also announced an agreement with iHealth, a leading provider of mobile health devices and apps that enable patients to accurately measure and track a range of important health metrics including blood pressure, weight, blood glucose and others along with their medications. The integration of iHealth will allow pharmacies to order iHealth devices through MedAdvisor, creating revenues for MedAdvisor and additional revenue opportunities for MedAdvisor Network pharmacies.

#### *GP Channel*

MedAdvisor developed a new service that allows patients to “skip the queue” and request repeat scripts from their own GP if they are connected to the MedAdvisor Platform. If approved by the GP these scripts are then sent to their nominated pharmacy. MedAdvisor also selectively introduced a service offering On Demand GP services for those patients that don’t have a regular GP. These patients can get repeat prescriptions from the On Demand GP for chronic



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medication which they have had previously dispensed to them and sent to their nominated pharmacy, saving time and ensuring that they have appropriate medication supply.

These services were augmented with the acquisition of OzDocsOnline. The wider array of services in OzDocsOnline includes repeat prescriptions, specialist referrals, pathology test results and GP Appointment bookings.

The Healthnotes GP Connect Portal allows MedAdvisor Network Pharmacies to link with over 1,500 GPs to electronically bulk order scripts for nursing home clients as well as providing a digital platform to manage scripts owing. A further 3,000 doctors are communicated to via other Healthnotes messaging platforms. An opportunity exists in FY18 to consolidate the GP services to build customer synergies.

### **Commercial**

MedAdvisor continued to invest in growing connected users and pharmacies. Patients per pharmacy increased to more than 300 (from 112 in FY16) and MedAdvisor invested in building the sales and marketing team. The commercial strength of the business was boosted by the appointment of Mr Simon Chamberlain as General Manager - Product & Strategy, a highly experienced digital and strategy executive that has led businesses and Business Units for Qantas, Hitwise/Experian and Medibank.

MedAdvisor expanded its partnerships with not-for-profit and disease state groups and now has partnerships with *Glaucoma Australia, Diabetes Australia, Asthma Australia, Osteoporosis Australia, the Stroke Foundation, Parkinson's Australia* and *Epilepsy Action Australia*. These partnerships are important validation of the role that MedAdvisor plays in helping manage chronic disease. These bodies represent approximately 6.5m patients living with health conditions.

MedAdvisor extended its relationship with Bupa into Healthscope Hospitals and the MedAdvisor platform is now being offered to Bupa patients as they are discharged from certain Healthscope Hospitals to help manage their medications as they return home. 25%-30% of all hospital admissions for patients over 65 are due to Medication misadventure. Bupa and Healthscope are committed to reducing the system and personal impacts of this through helping patients transition more effectively as they leave hospital. MedAdvisor helps these patients stay in control of their medication.

In addition to the increased marketing and sales initiatives MedAdvisor appointed highly experienced Dr David Chatterton as Chief Technology Officer to lead further development and enhancement of the platform as the Company enters the next phase of continued domestic growth and international expansion. Dr Chatterton joins MedAdvisor from Aconex (ASX:ACX) where he held a number of roles over 10 years, including Chief Technology Officer.

We invested in exploring international markets and opportunities and have identified opportunities that will be assessed over the next 12 months. There is no doubt MedAdvisor is the most sophisticated and integrated independent medication management platform globally.

### **Financial position**

The Group has \$4,834,660 in cash as of 30 June 2017 following a net cash increase of \$1,945,670 for the year.

The net assets of the Group at 30 June 2017 were \$9,354,293, an increase in net assets of \$6,889,866 from 30 June 2016.

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

On 31 October 2016 MedAdvisor Limited completed the acquisition of 100% of the issued capital of Health Enterprises 2 Pty Ltd (Healthnotes). The acquisition was for a total net consideration of \$5,045,595, which was paid \$2,845,595 cash and \$2,200,000 in scrip at \$0.038 per share. The cash component was partially funded from the proceeds of the \$8 million capital raising undertaken in October 2016.

On 20 February 2017 MedAdvisor completed the acquisition of the OzDocsOnline business for a cash consideration of \$150,000.

The two mining tenements held in New South Wales were surrendered during the year. Remediation works were

undertaken to the satisfaction of the landowners and a full refund of the associated Exploration Bonds was received.

### Likely developments

MedAdvisor will continue to focus its domestic operations on growing patients connected to the platform and through the expansion of MedAdvisor's pharmacy and GP networks. These key stakeholders who are at the core of our strategy allow us to build on existing revenues as well as creating new transactional revenues.

The new PlusOne pharmacy platform is a key element to extending our strategic alliances and value to major pharmacy groups and attracting those pharmacies in these groups that are not already a part of the MedAdvisor network.

We will seek to attract more patients to the MedAdvisor network through the GP channel and through increased market awareness.

MedAdvisor will continue to grow our engagement with pharmaceutical manufacturers so that they see MedAdvisor as an important way to engage with their patients. This means adding more manufacturers and working across more products during FY18.

We will continue to innovate to improve patients' convenience and access to healthcare. This includes a focus on improving how we operate and the bringing quality new people to MedAdvisor.

MedAdvisor is a world class product and internationally we are focusing in on two key markets and will continue to evaluate the most appropriate market entry strategies for the best markets.

### 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

There have been no matters or circumstances which have arisen since the end of the financial period that significantly affected, or may significantly affect the operations of the Entity, the results of those operations or the state of affairs of the Entity, in future years.

### 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 2017 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	7,933,333	Unlisted
26-Oct-16	26-Oct-19	\$0.08	5,000,000	Unlisted
15-Dec-16	12-Sep-19	\$0.04	5,000,000	Unlisted
15-Dec-16	12-Sep-19	\$0.08	10,000,000	Unlisted
15-Dec-16	14-Dec-31	\$0.00	15,270,000	Unlisted

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

### Remuneration report - audited

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

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and the Corporations Regulations 2001 Remuneration Philosophy.

The Remuneration Report is set out under the following main headings:

- a. Principles used to determine the nature and amount of remuneration
- b. Details of remuneration
- c. Service agreements
- d. Share-based remuneration; and
- e. 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

2017	Cash Salary & Fees \$	Cash Bonus \$	Super-annuation \$	Value of Share Based Awards in 2017 Financial Year <sup>4</sup> \$	Value of Share Based Awards from prior years <sup>4</sup> \$	Total \$
<b>Executive Directors</b>						
R Read	270,474	30,000	19,570	-	385,017 *	705,061
J Swinnerton	208,205	-	19,570	-	-	227,775
<b>Non-Executive Directors</b>						
P Bennetto	80,994	-	7,694	-	-	88,688
J Xenos	45,000	-	4,275	-	-	49,275
S Hook	45,000	-	4,275	60,000	-	109,275
<b>Other Key Management Personnel</b>						
C Campiciano	210,707	-	19,570	3,058	-	233,335
	860,380	30,000	74,954	63,058	385,017	1,413,409

\* Mr Read's performance linked Share Based Entitlements are in accordance with his Employment Agreement dated 30 June 2015 which were disclosed in the Company's Prospectus dated 8 September 2015. These Share Based Entitlements are brought to account based on a probability of all the performance milestones under his Employment Agreement being achieved. As at the end of the financial year 7,000,000 Read Performance Rights had vested based on the milestones having been achieved. The value brought to account of the Vested Read Rights in the current financial year is \$146,737 (2016 \$63,263).

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

<sup>1</sup>Appointed 12 November 2015

<sup>2</sup>Resigned 12 November 2015

<sup>3</sup>Appointed 22 January 2016

<sup>4</sup>Share based entitlements have been measured at fair value on grant date determined in accordance with the Binomial or Black-Scholes option pricing model.

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

Cash Bonus paid/payable	Cash bonus paid/payable		Cash bonus forfeited	
	2017	2016	2017	2016
<b>Executive Directors</b>				
R Read	100%	100%	0%	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	
	2017	2016	2017	2016	2017	2016
<b>Executive Directors</b>						
R Read	41%	57%	4%	8%	55%	35%
J Swinnerton	100%	100%	0%	0%	0%	0%
C Campiciano <sup>1</sup>	-	100%	-	0%	-	0%
<b>Non-Executive Directors</b>						
P Bennetto	100%	26%	0%	0%	0%	74%
J Xenos	100%	100%	0%	0%	0%	0%
S Hook	45%	100%	0%	0%	55%	0%
M da Gama <sup>1</sup>	-	100%	-	0%	-	0%
S Brockhurst <sup>1</sup>	-	9%	-	0%	-	91%
<b>Other Key Management Personnel</b>						
C Campiciano	99%	100%	0%	0%	1%	0%
S Brockhurst	-	100%	-	0%	-	0%

<sup>1</sup>Resigned 12 November 2015

### 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
<b>Directors</b>			
R Read	\$280,711	Undefined	9 months
J Swinnerton	\$209,333	Undefined	9 months
<b>Other Key Management Personnel</b>			
C Campiciano	\$231,460	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.

The remuneration of non-executive Directors is set by the Board at a level that provides the Board with the ability to attract and retain directors of the highest calibre whilst incurring a cost that is acceptable to shareholders. At the Annual General Meeting held on 18 December 2015 shareholders approved aggregate remuneration of non-executive directors of \$350,000 per annum.

The amount each non-executive director is remunerated is set by the Board based on the recommendation from the People and Remuneration Committee. Individual remuneration is set having regard to the director's experience and their role on the Board and Committees.

#### 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 period's conditions under the plan. Unvested options will expire on the termination of the individual's employment; vested options will expire on the expiry date, which is 15 years.

##### Non-executive director incentives

At the 2016 Annual General Meeting shareholders approved the issue of 5,000,000 3 year options exercisable at \$0.08c to Ms Sandra Hook.

##### 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:

	<b>Operative Date</b>	<b># of Rights</b>
<b>Continuous service:</b>		
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		<u>5,000,000</u>
	<b>Latest Date</b>	<b># of Rights</b>
<b>Performance targets:</b>		
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>

<b>Performance targets:</b>	<b>Latest Date</b>	<b># of Rights</b>
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 end date of this report Mr Read has become entitled to exercise his rights over 7,000,000 shares having met the first two continuous employment milestones as well as the first active patient target.

#### **Bonuses included in remuneration**

Mr Read became entitled to a short-term incentive cash bonus of \$30,000 having reached the active patient target of 500,000 patients. Mr Read's bonus has been accrued as at 30 June 2017 and is unpaid at the date of this report.

#### **e. 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 2017 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

<b>2017</b>	<b>Balance at start of the reporting period</b>	<b>Granted as remuneration</b>	<b>Exercised</b>	<b>Vested and exercisable at end of the reporting period</b>	<b>Vested and un-exercisable at end of the reporting period</b>
<b>Executive Directors</b>					
R Read <sup>1</sup>	42,500,000	-	-	7,000,000	35,500,000
<b>Non-Executive Directors</b>					
P Bennetto	10,000,000	-	-	10,000,000	-
S Hook	-	5,000,000	-	5,000,000	-
<b>Other Key Management Personnel</b>					
C Campiciano	-	500,000	-	-	-

<sup>1</sup>Read Rights

Shares held by directors and key management personnel

#### **Ordinary Shares**

The number of ordinary shares in the Company held during the 2017 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

2017	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
<b>Executive Directors</b>					
R Read <sup>1</sup>	5,330,000	-	-	1,093,888	6,423,888
J Swinnerton <sup>2*</sup>	106,837,500	-	-	-	106,837,500
<b>Non-Executive Directors</b>					
P Bennetto	982,754	-	-	350,000	1,332,754
S Hook	-	-	-	1,250,000	1,250,000
J Xenos <sup>2**+</sup>	87,750,000	-	-	300,000	88,050,000
<b>Other Key Management Personnel</b>					
C Campiciano <sup>2*</sup>	13,125,000	-	-	-	13,125,000

2016	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
<b>Executive Directors</b>					
R Read <sup>1</sup>	-	-	-	5,330,000	5,330,000
J Swinnerton <sup>2*</sup>	40,700,000	-	-	66,137,500	106,837,500
<b>Non-Executive Directors</b>					
P Bennetto	982,754	-	-	-	982,754
J Xenos <sup>2**+</sup>	30,000,000	-	-	57,750,000	87,750,000
<b>Other Key Management Personnel</b>					
C Campiciano <sup>2*</sup>	5,000,000	-	-	8,125,000	13,125,000

<sup>1</sup>1,666,666 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.

<sup>2</sup> all 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 previous 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 during the previous reporting period.

### Founder Performance Shares

The number of Founder Performance Shares in the Company held during the 2017 reporting period by each of the directors and key management personnel of the Group; including their related parties are set out below.

2017	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
<b>Executive Directors</b>					
J Swinnerton	68,225,102	-	-	-	68,225,102
<b>Non-Executive Directors</b>					
J Xenos	56,036,062	-	-	-	56,036,062
<b>Other Key Management Personnel</b>					
C Campiciano	8,381,462	-	-	-	8,381,462



2016	Balance at start of the reporting period	Granted as remuneration	Received or exercised	Other changes	Held at end of the reporting period
<b>Executive Directors</b>					
J Swinnerton	-	-	-	68,225,102	68,225,102
<b>Non-Executive Directors</b>					
J Xenos	-	-	-	56,036,062	56,036,062
<b>Other Key Management Personnel</b>					
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 2017 the Group used the services of NostraData Pty Ltd of which Mr Jim Xenos is a director and has significant influence. The amounts billed relate to the provision of Data Services by NostraData Pty Ltd and amounted to \$70,305 (2016 \$12,842).

#### End of audited Remuneration Report

#### Additional information

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

	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Revenue from services	4,242,746	1,425,781	1,145,712	606	-
Revenue from Actavis license fee (non recurring)	-	-	500,000	1,000,000	500,000
Other revenue	659,341	336,704	258,744	88,667	1,984
Total revenue	4,902,087	1,762,485	1,904,456	1,089,273	501,984
Total margin	3,508,881	1,043,258	511,677	979,757	500,000
EBITDA	(3,288,317)	(3,032,376)	(536,311)	(826,453)	(206,966)
EBIT	(3,428,643)	(3,066,196)	(546,123)	(835,453)	(206,966)
Profit after income tax	(3,429,927)	(3,071,062)	(546,123)	(835,453)	(206,966)

#### Environmental issues

The two mining tenements that the Company held have been surrendered and full refunds of the associated Exploration Bonds have been received. The Company undertook remediation works to the satisfaction of the land owners.

The Company’s operations are no longer subject to significant environmental and other regulations.

#### 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.

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### **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  
29 August 2017  
Sydney, NSW.



**RSM Australia Partners**

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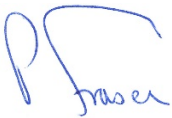
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of MedAdvisor Limited for the year ended 30 June 2017, 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.

R S M

**RSM AUSTRALIA PARTNERS**



**P FRASER**  
Partner

Melbourne, VIC  
29 August 2017

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## 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 2017 is dated as at 30 June 2017 and date of last review and Board approval was on 29 August 2017. 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 2017**

**MEDADVISOR LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated	
		Jun-17	Jun-16
		\$	\$
Revenues from services	10 a.	4,242,746	1,425,781
Other revenue	10 b.	659,341	336,704
<b>Total revenues</b>		<b>4,902,087</b>	<b>1,762,485</b>
Direct Expenses	11 a.	(733,865)	(382,523)
Development Costs		(295,367)	(231,062)
Employee benefits expense	11 b.	(4,302,321)	(2,306,460)
Marketing expense		(1,398,425)	(863,599)
Depreciation and amortisation expense	11 c.	(140,327)	(33,820)
Directors fees	11 b.	(193,826)	(148,058)
Other expenses		(1,194,821)	(657,044)
Finance costs	11 d.	(73,062)	(210,982)
<b>Profit / (loss) before income tax from continuing operations</b>		<b>(3,429,927)</b>	<b>(3,071,062)</b>
Income tax (expense) / income	12	-	-
<b>Profit / (loss) for the year</b>		<b>(3,429,927)</b>	<b>(3,071,062)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss)</b>		<b>(3,429,927)</b>	<b>(3,071,062)</b>
<b>Earning per share for loss from continuing operations of MedAdvisor Limited</b>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	3	(0.40)	(0.55)
Diluted loss per share	3	(0.40)	(0.55)

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 2017**

		<b>Consolidated</b>	
		<b>Jun-17</b>	<b>Jun-16</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	4,834,660	2,888,990
Trade and other receivables	15	429,636	309,008
Other assets	16	182,644	208,114
<b>Total current assets</b>		<b>5,446,940</b>	<b>3,406,112</b>
<b>Non-current assets</b>			
Property, plant & equipment	17	189,517	167,536
Intangible Assets	18	5,463,139	72,140
<b>Total non-current assets</b>		<b>5,652,656</b>	<b>239,676</b>
<b>Total assets</b>		<b>11,099,597</b>	<b>3,645,788</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	1,016,210	724,540
Income in advance	20	285,065	296,666
Employee benefits	21	394,444	140,427
<b>Total current liabilities</b>		<b>1,695,719</b>	<b>1,161,633</b>
<b>Non-current liabilities</b>			
Employee benefits	21	49,585	19,728
<b>Total non-current liabilities</b>		<b>49,585</b>	<b>19,728</b>
<b>Total liabilities</b>		<b>1,745,304</b>	<b>1,181,361</b>
<b>Net assets</b>		<b>9,354,293</b>	<b>2,464,427</b>
<b>Equity</b>			
Contributed equity	4	16,184,549	6,508,117
Reserves	5	1,259,273	615,914
Retained profits / (losses)	22	(8,089,530)	(4,659,603)
<b>Total equity</b>		<b>9,354,293</b>	<b>2,464,427</b>

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 2017**

<b>2017</b>	<b>Contributed Equity \$</b>	<b>Share Options Reserve \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2016</b>	6,508,117	615,914	(4,659,603)	2,464,428
Transactions with equity holders in their capacity as equity holders				
Ordinary shares issued	10,200,000			10,200,000
Capital raising costs	(537,068)			(537,068)
Share options issued		656,859		656,859
Share options exercised	13,500	(13,500)		-
Net profit / (loss)			(3,429,927)	(3,429,927)
<b>Balance at 30 June 2017</b>	<b>16,184,549</b>	<b>1,259,273</b>	<b>(8,089,530)</b>	<b>9,354,292</b>

<b>2016</b>	<b>Contributed Equity \$</b>	<b>Share Options Reserve \$</b>	<b>Retained Earnings \$</b>	<b>Total Equity \$</b>
<b>Balance at 1 July 2015</b>	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)
<b>Balance at 30 June 2016</b>	<b>6,508,117</b>	<b>615,914</b>	<b>(4,659,603)</b>	<b>2,464,428</b>

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 2017**

	Notes	Consolidated	
		Jun-17	Jun-16
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		5,512,056	1,605,501
Payments to suppliers and employees (inclusive of GST)		(8,002,444)	(4,207,372)
Interest received		89,665	55,489
Income tax paid		(3,923)	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>24</b>	<b>(2,404,646)</b>	<b>(2,546,382)</b>
<b>Cash flows from investing activities</b>			
Cash acquired on reverse takeover of parent		-	24,536
Payments for property, plant and equipment		(36,139)	(199,290)
Payments for intangibles		(2,982,071)	(2,400)
<b>Net cash outflow from investing activities</b>		<b>(3,018,210)</b>	<b>(177,154)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new share issue		8,000,000	5,100,000
Capital raising costs (net of GST)		(537,068)	(655,840)
Payments to related parties		(94,405)	-
Proceeds of borrowings		-	597,000
Repayment of borrowings		-	-
<b>Net cash (outflow) inflow from financing activities</b>		<b>7,368,527</b>	<b>5,041,160</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,945,670</b>	<b>2,317,624</b>
Cash and cash equivalents at the beginning		2,888,990	571,366
<b>Cash and cash equivalents at the end of the year</b>		<b>4,834,660</b>	<b>2,888,990</b>

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

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**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 29 August 2017 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 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.

**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.

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**(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.

*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 taxbases 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.

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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.

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.

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**(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 1 (l)** 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.

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.

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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 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

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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.

*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

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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.

**(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.



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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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

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

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

**(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.

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**(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.

**(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, except AASB 16 Leases. This standard requires operating leases which are currently held off balance sheet to be brought onto the balance sheet. Future expected lease payments should be capitalized and brought onto the balance sheet as an asset (right of use) and also reflect an offsetting liability and are amortized together with interest costs over the expected remaining period of the leases. The expected value of such offsetting assets and liabilities at 30 June 2017 is \$733,120 and the group has not brought such assets or liabilities to account.

Reference	Title	Summary	Application (financial beginning)	date years
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 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 (financial beginning)	date years
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	

**(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.

*Goodwill and other indefinite life intangible assets*

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

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management and extrapolated for a further 2 years using a steady rate, together with a terminal value.

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Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the business:

- (a) 15.7% (2016: n/a) pre-tax discount rate;
- (b) 5.0% (2016: n/a) per annum projected revenue growth rate;
- (c) 5.0% (2016: n/a) per annum increase in operating costs and overheads.

The discount rate of 15.7% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue and cost growth rate of 5% in the fourth and fifth years is prudent and justified based on current and expected growth in the business.

Based on the above an impairment charge has not been applied as the carrying amount of goodwill does not exceed its recoverable amount for the business.

#### *Sensitivity*

The directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue would need to decrease by more than 10.5% for the business before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 12.6% for the business before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the goodwill.

#### *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 2017.

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
<b>Earning per share for loss from continuing operations of MedAdvisor Limited</b>		
Loss for the year	(3,429,927)	(3,071,062)
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.40)	(0.55)
Diluted loss per share	(0.40)	(0.55)
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares used in calculating basic earnings per share	861,554,707	559,911,702
Adjustment for calculation of diluted earnings per share		
Options over ordinary shares	62,543,080	23,374,932
Performance rights vested but not exercised	3,076,600	498,630
Performance rights not vested	35,500,000	41,500,000
	<u>962,674,387</u>	<u>625,285,264</u>

**Note 4: Issued Capital**

**a. Fully paid ordinary shares**

	<b>Jun-17</b>	<b>Jun-16</b>	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares fully paid	<u>945,381,426</u>	<u>686,986,688</u>	<u>16,184,549</u>	<u>6,508,117</u>

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*Movements in ordinary share capital*

	<b>Date</b>	<b># of shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	01-Jul-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	\$ 0.020	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	\$ 0.030	5,000,000
Issue of shares as compensation for services rendered	12-Nov-15	1,000,000	\$ 0.030	30,000
MedAdvisor International Pty Ltd Note Conversions	12-Nov-15	39,250,014	\$ 0.024	942,000
Exalt Resources Limited Note Conversions	12-Nov-15	9,755,497	\$ 0.021	204,866
Share issue transaction costs, net of tax	12-Nov-15			(1,391,185)
Balance	30-Jun-16	686,986,688		6,508,117
New Share Issue	26-Oct-16	200,000,000	\$ 0.040	8,000,000
Consideration shares for Health Enterprises 2 Acquisition	26-Oct-16	57,894,738	\$ 0.038	2,200,000
EIP Options Exercised	24-May-17	500,000	\$ 0.027	13,500
Share issue transaction costs, net of tax	26-Oct-16			(537,068)
	30-Jun-17	945,381,426		16,184,549

**b. Performance shares**

		<b>Issued</b>
		<b>#</b>
Balance	01-Jul-15	-
Founder performance shares <sup>1</sup>	25-Sep-15	170,000,000
Peloton Capital Pty Ltd performance shares <sup>1</sup>	25-Sep-15	25,000,000
Macmillan Gold Associates Pty Ltd <sup>2</sup>	25-Sep-15	55,000,000
Balance	30-Jun-16	250,000,000
Balance	30-Jun-17	250,000,000

<sup>1</sup> 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 both the pharmacy and revenue milestones have been achieved and all founder performance shares are eligible to be converted to ordinary shares.

<sup>2</sup> 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 both the pharmacy and revenue milestones have been achieved and all Peloton performance shares are eligible to be converted to ordinary shares.

<sup>3</sup>Macmillan 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**

		Issued #	Vested #	Balance #
Balance	01-Jul-15	-	-	-
Employment rights	25-Sep-15	5,000,000	1,000,000	4,000,000
Performance rights	25-Sep-15	37,500,000	-	37,500,000
Balance	30-Jun-16	42,500,000	1,000,000	41,500,000
Employment rights	03-Jan-17	-	1,000,000	3,000,000
Performance rights	06-Mar-17	-	5,000,000	32,500,000
Balance	30-Jun-17	42,500,000	7,000,000	35,500,000

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

<b>Continuous service:</b>	<b>Operative Date</b>	<b># of Rights</b>
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		<u>5,000,000</u>

At the date of this report 2,000,000 employment related rights have vested but have not been exercised by Mr Read.

<b>Performance targets:</b>	<b>Latest Date</b>	<b># of Rights</b>
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.



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**d. Options over unissued shares**

		<b>Issued</b>
		<b>#</b>
Balance	01-Jul-15	16,008,568
Bennetto options <sup>1</sup>	12-Nov-15	10,000,000
Peloton options <sup>2</sup>	18-Dec-15	25,000,000
Lapsed options	31-Dec-15	(16,008,568)
Read rights vested <sup>3</sup>	31-Dec-15	1,000,000
Employee incentive options	15-Apr-16	9,050,000
Balance	30-Jun-16	<u>45,050,000</u>
Hook options <sup>4</sup>	26-Oct-16	5,000,000
Employee incentive options	15-Dec-16	15,510,000
Chamberlain options <sup>5</sup>	15-Dec-16	15,000,000
Read rights vested	03-Jan-17	1,000,000
Employee incentive options exercised	24-May-17	(500,000)
Read rights vested	06-Mar-17	5,000,000
Employee incentive options expired	30-Jun-17	(856,667)
Balance	30-Jun-17	<u>85,203,333</u>

<sup>1</sup> Bennetto unlisted options are exercisable at \$0.03 and expire 11 November 2018

<sup>2</sup> Peloton unlisted options are exercisable at \$0.03 and expire 17 December 2018

<sup>3</sup> Read unquoted employment rights are exercisable at no cost and have vested and are exercisable immediately

<sup>4</sup> Hook unlisted options are exercisable at \$0.08 and expire 26 October 2019

<sup>5</sup> Chamberlain unlisted options expire 12 September 2019; 5,000,000 are exercisable at \$0.04 and 10,000,000 are exercisable at \$0.08.

**Employee Incentive Options**

Employee incentive plan options are unquoted and will vest in accordance with the rules of the plan. Cancellation of unvested employee incentive options occurs on termination of employment.

Issue Date	Expiry Date	Issued #	Cancelled #	Exercised #	Balance #	Vested Not	
						Exercised	Unvested
15-Apr-16	14-Apr-31	9,050,000	616,667	500,000	7,933,333	2,333,329	5,600,004
15-Dec-16	14-Dec-31	15,510,000	240,000	-	15,270,000	-	15,270,000
		<u>24,560,000</u>	<u>856,667</u>	<u>500,000</u>	<u>23,203,333</u>	<u>2,333,329</u>	<u>20,870,004</u>

**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.

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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	30-Jun-15	178,468
Elimination of pre acquisition reserves on reverse takeover	12-Nov-15	(178,468)
Value of Peloton options	25-Sep-15	310,000
Value of Bennetto options	12-Nov-15	118,086
Value of Employee Incentive options	30-Jun-16	19,174
Value of Read rights	30-Jun-16	168,654
Balance	30-Jun-16	615,914
Value of Chamberlain rights	30-Jun-17	65,756
Value of Employee Incentive options	30-Jun-17	146,086
Value of Read rights	30-Jun-17	385,017
Value of Employee Incentive options exercised	24-May-17	(13,500)
Balance	30-Jun-17	1,259,273

**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 comparative 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.
Name of controlled entity:	Health Enterprises 2 Pty Ltd (ACN: 141 345 904)
Date on which controlled gained	31 October 2016
Additional information	The figures in this financial report include the activities of Health Enterprises 2 Pty Ltd since the date of the acquisition, 1 November 2016.

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**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).

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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.

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
<b>Notional value of Exalt Resources Limited at 12 November 2015</b>	<b>\$ (169,767)</b>

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
<b>Ordinary shares</b>	
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)
<b>Excess of notional consideration over net liabilities acquired – expensed to the income statement as a listing expense</b>	<b>\$ 180,772</b>

**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.

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	<b>MedAdvisor</b>	<b>Corporate</b>	<b>Total</b>
Segment revenues	4,902,087	-	4,902,087
Segment operating loss	(2,892,705)	(537,222)	(3,429,927)
Corporate assets	11,060,002	39,595	11,099,597
Corporate liabilities	1,740,382	4,923	1,745,304
Net assets	9,319,620	34,672	9,354,293
		<b>Consolidated</b>	
		<b>Jun-17</b>	<b>Jun-16</b>
		<b>\$</b>	<b>\$</b>

**Note 10: Revenues**

a. From continuing operations		
Sale of services	4,242,746	1,425,781
	<u>4,242,746</u>	<u>1,425,781</u>
b. Other Revenue		
Interest received	96,500	55,489
Sundry income - Government Grants	40,810	-
Sundry income - R&D Tax Concession	522,030	281,214
	<u>659,341</u>	<u>336,704</u>
<b>Total revenues</b>	<u>4,902,087</u>	<u>1,762,485</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
Distributions costs under current GuildLink Agreement	-	131,487
Direct transaction costs	246,481	11,210
Direct costs of sms services	392,833	1,177
Managed services costs for the MedAdvisor Platform	94,551	52,520
	<u>733,865</u>	<u>382,523</u>
b. Employee Benefits Expenses:		
Development	1,514,368	921,617
Marketing	1,491,339	688,859
Administration	639,755	508,155
Governance	193,826	148,058
Share based employee remuneration	656,859	187,828
	<u>4,496,147</u>	<u>2,454,517</u>

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	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
<b>c. Depreciation</b>		
Leasehold improvements	23,411	16,123
Office equipment	9,952	4,032
Office furniture	6,284	4,665
<b>Total depreciation</b>	<b>39,647</b>	<b>24,820</b>
<b>Amortization</b>		
Software	91,681	-
Copyrights	9,000	9,000
<b>Total amortization</b>	<b>100,681</b>	<b>9,000</b>
	<b>140,328</b>	<b>33,820</b>
<b>d. Finance costs</b>		
Interest and finance charges paid/payable	1,283	4,866
Other bank charges	5,549	3,960
Share based listing costs (Note 8)	-	180,772
Other listing costs	66,230	21,384
	<b>73,062</b>	<b>210,981</b>
<b>e. Rental expenses on operating leases</b>		
Minimum lease payments	169,128	165,084
<b>f. Superannuation expense</b>		
Defined contribution superannuation expense	318,558	195,093
<b>Note 12: Income tax expense</b>		
<b>a. Tax expense/(income) comprises:</b>		
Current tax	-	-
Deferred tax	-	-
	<b>-</b>	<b>-</b>
<b>b. The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:</b>		
Profit / (loss) from continuing operations	(3,429,927)	(3,071,062)

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 28.5% (2016: 30%)	(977,529)	(921,319)
Less:		
Tax effect of:		
- deferred tax assets not brought to account	977,529	921,319
<b>Income tax expense / (benefit) attributable to entity</b>	<b>-</b>	<b>-</b>
The applicable weighted average tax rates are as follows:	0%	0%
The value of deferred tax assets which have not been recognised in the statement of financial position	2,375,411	1,397,882

**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	67,600	46,000
Other Services	12,100	15,500
	79,700	61,500

**Note 14: Cash and cash equivalents**

Cash on hand	303	303
Cash at bank	4,834,357	2,888,687
	4,834,660	2,888,990

**Note 15: Trade and other receivables**

Trade debtors	422,473	307,111
Other debtors	7,163	1,897
	429,636	309,008

*Impairment of receivables*

The consolidated entity has recognised a loss in the profit or loss in respect of impairment of receivables for the year ended 30 June 2017 of \$32,166 (30 June 2016 Nil)

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to Nil as at 30 June 2017 (\$24,535 as at 30 June 2016).

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

<b>Consolidated</b>	
<b>Jun-17</b>	<b>Jun-16</b>
<b>\$</b>	<b>\$</b>

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit

The ageing of the past due but not impaired receivables are as follows:  
 0 to 3 months overdue

-	24,535
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**Note 16: Other assets**

Security bonds	25,610	20,000
Prepayments	137,980	173,328
Work in progress	19,054	14,786
	182,644	208,114

**Note 17: Property, plant and equipment**

Office equipment at cost	59,143	34,246
Less: Accumulated depreciation	(14,795)	(4,844)
	44,347	29,402
Leasehold improvements at cost	155,140	124,848
Less: Accumulated depreciation	(39,534)	(16,123)
	115,606	108,725
Office furniture at cost	40,513	34,074
Less: Accumulated depreciation	(10,949)	(4,665)
	29,564	29,409
<b>Total property, plant and equipment</b>	<b>189,517</b>	<b>167,536</b>



**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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 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
Additions	24,896	30,292	6,439	61,627
Depreciation	(9,951)	(23,411)	(6,284)	(39,646)
Balance 30 June 2017	44,347	115,606	29,564	189,517

Consolidated	
Jun-17	Jun-16
\$	\$

**Note18: Intangible assets**

Intellectual property at cost	113,260	99,140
Less: Accumulated amortization	(36,000)	(27,000)
	77,260	72,140
Software at cost	1,463,692	-
Less: Accumulated amortization	(91,681)	-
	1,372,011	-
Goodwill at cost	4,013,868	-
<b>Total intangible assets</b>	<b>5,463,139</b>	<b>72,140</b>

	Copyright	Trademarks	Software	Goodwill	Total
Balance at 1 July 2015	72,000	6,740	-	-	78,740
Additions	-	2,400	-	-	2,400
Amortization	(9,000)	-	-	-	(9,000)
Balance 30 June 2016	63,000	9,140	-	-	72,140
Additions	-	14,120	1,463,692	4,013,868	5,491,680
Amortization	(9,000)	-	(91,681)	-	(100,681)
Balance 30 June 2017	54,000	23,260	1,372,011	4,013,868	5,463,139

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
<b>Note 19: Trade and other payables</b>		
Trade creditors	379,810	254,930
Other creditors & accruals	636,400	469,610
	<b>1,016,210</b>	<b>724,540</b>
<b>Note 20: Net income in advance</b>		
Gross pharmacy subscriptions in advance	128,294	138,707
Less: Costs applicable thereto		
Discounts	-	5,791
	-	5,791
	<b>128,294</b>	<b>132,916</b>
Patient engagement program (PEP) fees in advance	156,771	163,750
Total income in advance	<b>285,065</b>	<b>296,666</b>
<b>Note 21: Employee entitlements</b>		
<b>Current</b>		
Provision for employee leave	394,444	140,427
<b>Non-Current</b>		
Provision for employee leave	49,585	19,727
<b>Note 22: Accumulated losses</b>		
Accumulated losses at the beginning of the year	(4,659,603)	(1,588,541)
Net profit / (loss)	(3,429,927)	(3,071,062)
Accumulated losses at the end of the year	<b>(8,089,530)</b>	<b>(4,659,603)</b>

**Note 23: 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:

MEDADVISOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2017

	Consolidated	
	Jun-17	Jun-16
	\$	\$
Cash and equivalents	4,834,660	2,888,990
Trade and other receivables	429,636	309,008
	<u>5,264,296</u>	<u>3,197,998</u>

**Financial Liabilities**

Financial liabilities at amortised cost

- Trade and other payables	1,016,210	724,540
	<u>1,016,210</u>	<u>724,540</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.

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.

	Within 1 Year 30-06-17	Within 1 Year 30-06-16
Financial liabilities due for payment		
Trade and other payables	1,016,210	724,540
	<u>1,016,210</u>	<u>724,540</u>

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Within 1 Year 30-06-17</b>	<b>Within 1 Year 30-06-16</b>
Financial assets - cash flows realisable		
Cash and equivalents	4,834,660	2,888,990
Trade and other receivables	429,636	309,008
	<u>5,264,297</u>	<u>3,197,998</u>
<b>Net (outflow)/inflow on financial instruments</b>	<u>4,248,086</u>	<u>2,473,458</u>

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.

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.

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Jun-17</b>	
	<b>Net Carrying Value</b>	<b>Net Fair Value</b>
Financial Assets		
Cash and equivalents	4,834,660	4,834,660
Trade and other receivables	429,636	429,636
	<u>5,264,297</u>	<u>5,264,297</u>
Financial Liabilities		
Financial liabilities at amortised cost		
- Trade and other payables	1,016,210	1,016,210
	<u>1,016,210</u>	<u>1,016,210</u>
	<b>Jun-16</b>	
	<b>Net Carrying Value</b>	<b>Net Fair Value</b>
Financial Assets		
Cash and equivalents	2,888,990	2,888,990
Trade and other 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
	<u>724,540</u>	<u>724,540</u>
	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>

**Note 24: 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	<u>4,834,660</u>	<u>2,888,990</u>
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(b) Reconciliation of profit from ordinary activities to net cash used in operating activities

Profit after income tax	<u>(3,429,927)</u>	<u>(3,071,062)</u>
Add: non cash items		
- Depreciation and amortisation	140,327	33,820
- Doubtful debts	32,166	-
- Non cash share based payments	656,859	187,828
- Non cash listing costs	-	180,772
	<u>829,352</u>	<u>402,420</u>

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase) decrease in receivables	181,979	(279,793)
- (Increase) decrease in other assets	(14,785)	(14,785)
- Increase (decrease) in payables / creditors	28,736	416,839
	<u>195,930</u>	<u>122,260</u>
<b>Net cash flows used in operating activities</b>	<u><b>(2,404,644)</b></u>	<u><b>(2,546,382)</b></u>

**Note 25: Acquisition of Health Enterprises 2 Pty Ltd**

On 28 October 2016 the company completed the acquisition of Health Enterprises 2 Pty Ltd. The final consideration for the acquisition was as follows:

	<b>\$</b>
Purchase price - cash free / debt free	5,500,000
Working capital adjustment at settlement	(454,405)
<b>Net purchase price</b>	<u><b>5,045,595</b></u>
	<b>\$</b>
<b>Purchase price allocation:</b>	
Cash at Bank	25,798
Trade Debtors	323,548
Security Deposits	25,610
Software	1,300,000
Trade Creditors	(288,461)
Other Creditors & Accruals	(207,914)
Employee Entitlements	(146,853)
Goodwill	4,013,868
	<u><b>5,045,595</b></u>
<b>Composition of net purchase price</b>	
Cash	2,845,595
Shares	2,200,000
	<u><b>5,045,595</b></u>
 Due diligence and legal fees relating to the acquisition	 <u><b>111,269</b></u>

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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

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

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
Operating lease commitments		
- not later than one year	220,904	202,293
- later than one year and not later than five years	512,215	701,815
	<u>733,119</u>	<u>904,108</u>

**Note 28: Events subsequent to the reporting date**

There have been no matters or circumstances which have arisen since the end of the financial period that significantly affected, or may significantly affect the operations of the Entity, the results of those operations or the state of affairs of the Entity, in future 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.

**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>Consolidated</b>	
	<b>Jun-17</b>	<b>Jun-16</b>
	<b>\$</b>	<b>\$</b>
a. Related party transactions with SwinTech Pty Ltd - Total value rent and outgoings	-	13,864
b. Related party transactions with NostraData Pty Ltd - Total value of consulting , data and marketing services	70,305	47,381
Amounts due and payable to NostraData Pty Ltd at the end of the financial year included in trade and other payables	44,731	8,095

**Note 30: Parent entity information**

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

*Statement of profit or loss and other comprehensive income*

Loss after income tax	(742,286)	(461,013)
Total comprehensive income	(742,286)	(461,013)

*Statement of financial position*

Total current assets	39,595	47,201
Total assets	14,815,420	5,222,229
Total current liabilities	4,923	7,504
Total Liabilities	4,923	7,504
Net assets	14,810,497	5,214,726
<b>Equity</b>		
Issued capital	14,754,523	5,059,825
Share options reserve	1,259,273	615,914
Accumulated losses	(1,203,299)	(461,013)
Total equity	14,810,497	5,214,726

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

*Capital commitments – property plant & equipment*

The parent entity had no capital commitments for property plant & equipment as at 30 June 2017 and 30 June 2016.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 1.



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**MEDADVISOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 30 JUNE 2017**

<b>Consolidated</b>	
<b>Jun-17</b>	<b>Jun-16</b>
<b>\$</b>	<b>\$</b>

**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:

Short-term employee benefits	965,334	891,196
Share based entitlements	448,075	316,740
<b>Total compensation</b>	<b>1,413,409</b>	<b>1,207,936</b>

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**MEDADVISOR LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2017**

**MEDADVISOR LIMITED**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 28 to 63, 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 2017 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  
29 August 2017  
Camberwell, VIC.



**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF****MEDADVISOR LIMITED****Opinion**

We have audited the financial report of MedAdvisor Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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..

In our opinion the accompanying financial report of the Group 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 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p><b>Accounting for Business Combinations</b></p> <p>Refer to Note 25 in the financial statements</p>	
<p>During the year, the consolidated entity completed the acquisition of Healthnotes, as described in Note 25 of the consolidated financial statements. The consolidated entity has determined the acquisition to be a business combination and have initially accounted for it on a provisional basis taking into consideration all available information at the reporting date. The purchase price of \$5,045,595 (being \$2.2m in shares and the balance in cash) is to be allocated between acquired assets and liabilities, including identified intangible assets of \$1,031,727, and the resultant recognition of goodwill of \$4,013,868, at their respective fair values.</p> <p>This was considered a key audit matter as the accounting for the transaction is complex, and involves significant judgements in applying the accounting standards. This includes the recognition and valuation of consideration paid, the identification and valuation of intangible assets, and the determination of the fair value of the tangible assets acquired.</p>	<p>Our procedures to assess the accounting treatment of the acquisition included:</p> <ul style="list-style-type: none"> <li>• Obtaining the share purchase agreement and other associated documents, and ensuring that the transaction had been accounted for in compliance with AASB 3 <i>Business Combinations</i>;</li> <li>• Agreeing the consideration paid, both cash and shares, to the signed purchase agreement and to bank statements and determining that the shares had been valued at their fair value as at the acquisition date;</li> <li>• Assessing the consolidated entity's determination of the fair value of the remaining assets and liabilities, having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations, including useful lives of the intangible and tangible assets acquired; and</li> <li>• Reviewing the disclosures in Note 25 to the financial statements in order to assess compliance with the disclosure requirements of AASB 3.</li> </ul>

### **Impairment of Goodwill**

Refer to Note 18 in the financial statements

The consolidated entity has goodwill of \$4,013,868 relating to its acquisition of Healthnotes during the current financial year.

We identified this area as a Key Audit Matter due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them.

Management performed an impairment assessment over the balance of intangible assets by: calculating the value in use for the individual CGU identified using a discounted cash flow model; and comparing the resulting value in use of the CGU to its book value.

Management also performed a sensitivity analysis over the value in use calculations, by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.

As a final check, management compared the book values of the CGU to the ASX Limited market capitalisation for the Company.

Our audit procedures in relation to management's impairment assessment included:

- Assessing management's determination that the goodwill should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported;
- Assessing the valuation methodology used;
- Challenging the reasonableness of key assumptions, including the cash flow projections, revenue growth rates, discount rates, and sensitivities used;
- Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and
- Utilising the RSM corporate finance team as auditor's experts to assist with the audit procedures listed above.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of MedAdvisor Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

#### *Responsibilities*

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.

R S M

### **RSM AUSTRALIA PARTNERS**



**P FRASER**

Partner

Melbourne, VIC  
29 August 2017

**MEDADVISOR LIMITED**  
**SHAREHOLDER INFORMATION**  
**30 JUNE 2017**

The shareholder information set out below was applicable as at 18 August 2017.

**Distribution of equitable securities**

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

			<b>Number of holders of ordinary shares</b>	
			<b>#</b>	<b>%</b>
1	to	1,000	21	2.25%
1,001	to	5,000	6	0.64%
5,001	to	10,000	51	5.46%
10,001	to	100,000	403	43.15%
100,001	and over		453	48.50%
			<b>934</b>	<b>100.00%</b>
Holding less than a marketable parcel			103	11.03%

**Equity security holders**

*Twenty largest quoted security holders*

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

	<b>Ordinary Shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Viv Swinnerton	106,837,500	11.30%
Kojent Pty Ltd	87,750,000	9.28%
Romida Enterprises Pty Ltd	58,500,000	6.19%
National Nominees Limited	41,860,705	4.43%
Sigma Company Limited	41,666,667	4.41%
J P Morgan Nominees Australia Limited	40,450,127	4.28%
Morgan Stanley Australia Securities (Nominee) Pty Limited	38,578,891	4.08%
Mishra Enterprises Pty Ltd	20,263,163	2.14%
Mr Gary Gascoigne	16,747,963	1.77%
HSBC Custody Nominees (Australia) Limited	15,110,455	1.60%
Provare Pty Ltd	13,125,000	1.39%
Capital Concerns Pty Ltd	12,987,408	1.37%
Ethan Allen Investments Pltd	11,298,080	1.20%

**MEDADVISOR LIMITED**  
**SHAREHOLDER INFORMATION**  
**30 JUNE 2017**

	<b>Ordinary Shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
Sayers Invest (Act) Pty Ltd	10,000,000	1.06%
Pylara Pty Ltd	9,266,667	0.98%
Marissa Falting	8,684,212	0.92%
RP Super Fund Pty Ltd	6,666,667	0.71%
Hot Springs Superannuation Pty Ltd	6,625,890	0.70%
Clear Range Pty Ltd	6,223,756	0.66%
Ellenkay Pty Ltd	5,850,000	0.62%
	<b>558,493,151</b>	<b>59.08%</b>

*Unquoted equity securities*

Options over ordinary shares issued

	<b>Number on issue</b>	<b>Number of holders</b>
Options over ordinary shares issued	78,203,333	32
Rights over ordinary shares issued	7,000,000	1

*Escrowed securities*

Restricted securities

	<b>Expiry Date</b>	<b>Number of shares</b>
Ordinary shares	28-Oct-17	28,947,371
Ordinary shares	01-Dec-17	296,800,073
Ordinary shares	28-Oct-18	28,947,367
		<b>354,694,811</b>



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### 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%