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# Annual Report 2018

GLOBAL HEALTH  
*Connecting Clinicians and Consumers*

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# 1. REVIEW OF OPERATIONS

Your Directors submit their report for the financial year ended 30 June 2018.

## 1.1. CHAIRMAN'S LETTER

Dear Shareholders

I am pleased to present to you our Annual Report for 2018. The Company's underlying performance during the year was reasonably strong given the challenging environment which we operate in, with underlying revenue increasing to \$5,970,871 (from \$5,300,181 the previous year) and operating costs were reduced to \$6,109,325 (from \$6,950,256 the previous year). The net loss for the year was \$421,234, compared to a profit the previous year of \$1,728,045 which included a significant abnormal item (\$5,000,000) from resolving the ongoing use of the Chiron system with SA Health.

Your Board elected not to pay a dividend for the year, which reflects the Company's ongoing investment in developing our products and pursuing growth in Asia. We believe your company is well positioned to capitalise on this investment to continue to increase revenue, return to profitability, and strengthen shareholder value over the next few years.

Key highlights for the year include:

- Continued growth in sales of MasterCare EMR;
- Significant increase in the Company's ReferralNet SMD subscriber network;
- Fast tracking of release of our Connected Health Records portfolio;
- Recruitment of additional key personnel;
- Developing opportunities for our products in Asia.

I would like to thank my fellow Directors, our CEO Mathew Cherian, and the entire team for their ongoing loyalty, dedication, and tireless efforts to expand our brand awareness and grow the Company's revenue base, both in Australia and Asia. Also, thanks to you, our shareholders, for your continued patience, and understanding of our business strategy.

Yours sincerely,



Steven Leigh Pynt  
Non-Executive Chairman

## 1.2. CHIEF EXECUTIVE OFFICER'S OPERATIONS REPORT

## 1.3. FINANCIAL SUMMARY

Your Directors submit their report for financial year ended 30 June 2018. The Previous Corresponding Period (PCP) for this report is the twelve months to 30 June 2017.

### REVIEW OF THE FINANCIAL YEAR TO JUNE 2018

#### FINANCIAL RESULT

The financial result of the Company for the year ended 30 June 2018 is summarised below:

	2018 \$	2017 \$ <sup>1</sup>	\$ Change	% Change
Licence Subscriptions	3,880,443	3,415,775	464,668	+14%
Services & Other Revenue	2,090,428	1,884,406	206,022	+11%
Total Revenue	5,970,871	5,300,181	670,090	+13%
Total Operating Expenses	6,109,325	6,950,256	(890,931)	-12%
EBITDA	(138,454)	(1,650,075)	1,511,621	+92%
Net Profit / (Loss)	(421,234)	(3,271,955)	2,850,721	+87%

<sup>1</sup> 2017 results have been adjusted for significant one-off legal settlement of \$5,000,000

The operations have achieved strong trends across key measures:

- 14% growth in new and recurring Licence Subscriptions
- 13% growth in overall revenue to just under \$6M
- 12% reduction in operating expenses
- \$1.5M turnaround in EBITDA to (\$138K)
- Reduction in Net Loss after abnormal items from (\$3.272M) to (\$.421M).

#### BUSINESS AS USUAL (BAU) - TODAY'S REVENUE

Over 80% of revenue was generated from the provision of our software solutions to community health, hospital and primary care health businesses, deployed on customer's IT infrastructure ("on-premises").

- Sales of MasterCare Electronic Medical Record (EMR) software to mental health and chronic disease healthcare providers was the fastest growing line of business (up 33%). MasterCare EMR now represents more than 50% of total revenue. A number of significant implementations went "live" through the year:
- Territory-wide deployment across ACT for Mental Health, Justice, Alcohol and Other Drugs public services;
- Mercy Mental Health services deployment in metropolitan Victoria
- Windana Drug and Alcohol Recovery in Victoria
- Bass Coast Community Health Services in country Victoria.

With a consistently strong pipeline, MasterCare EMR is expected to continue its growth well beyond the existing 100 customers over the next 18 months.

Secure Message Delivery (SMD) platforms are software platforms that enable sensitive clinical information to be encrypted, digitally signed and securely shared between providers to protect patient privacy and confidentiality.

The Company's ReferralNet SMD subscriber network grew 13% processing 16% more messages (or clinical documents) over the 12 months. ReferralNet is currently engaged in two Federal government projects to improve interoperability with Australia's two largest SMD networks.

The completion of the project later in 2018 should extend the network reach of ReferralNet to over 80% of healthcare providers that are enabled for SMD. The interoperability projects will be followed by campaigns to extend ReferralNet subscribers beyond Victoria focusing primarily on Allied Health and Specialist providers.

Over 3,000 healthcare organisations in Australia rely on Global Health on-premises software applications to support their internal operations or their connectivity needs.

The Company's Business-as-Usual (BAU) portfolio of applications that are deployed "on-premises" is forecast to continue double-digit growth over the foreseeable future.

But Healthcare cannot maintain a status quo or "Business-as-Usual".

## THE PROBLEM – UNSUSTAINABLE COST ESCALATION IN HEALTHCARE

- 50% of us have or will have a chronic disease in our lifetime;
- 63% of those will die from their disease;
- 50% of us will experience a mental health episode.

The combination of

- an aging population,
- unhealthy, sedentary lifestyles,
- obesity
- the stresses of modern life

And

- rapid improvements in medical technology,
- earlier detection of adverse conditions,
- more medications to manage lifelong conditions and
- innovative developments in medical devices

Have created a crisis in healthcare delivery.

In Australia half a billion dollars is spent on healthcare each and every day. And it is growing.

Approximately 35% of healthcare costs are non-patient facing – back office costs such as phone conversations between providers, re-keying of information on paper as valuable clinical information is exchanged through the patient journey, re-keying of patient stories, re-doing tests.

Thousands of avoidable deaths occur due to poor access to relevant information at the point of care.

Healthcare is a complex system of complex systems. Funding of healthcare in Australia is a combination of self-funding, private insurance, Medicare, DVA, Workers Compensation, Transport Accident compensation and a myriad of state and federal funding programs.

There are an estimated 150,000 different businesses involved in healthcare – from state-funded Area Health Services in each state, commonwealth-funded community health organisations, private aged care operators, general practice, day hospitals, overnight hospitals, allied health services, diagnostic services and pharmacies.

Globally, healthcare costs are increasing at over 5% p.a. in real terms.

The largest growth in chronic disease is in developing economies – as people become more affluent, the precursors of chronic disease take hold and eventually costs take off.

Healthcare is a universal product – diabetes in Dubai or Delhi is best treated the same way as diabetes in Boston or Melbourne.

Some believe that a single homogenous system across all of healthcare is the answer.

At Global Health we think differently.

## CONNECTED HEALTH RECORDS

Our vision for improving consumer outcomes and healthcare productivity is an eco-system for digital health based on connectivity, specialist applications and consumer engagement.

**Connected Health Records** with consumers or customers of the healthcare system at the centre.

Care managers develop activity tasks or management plans tailored to each individual's circumstance that need to be shared and actively monitored to maximise compliance.

Engaged consumer will be the key to disrupting the escalating costs of healthcare and improving individual health outcomes. Consumers will choose who and when to share information; with their family and external care team.

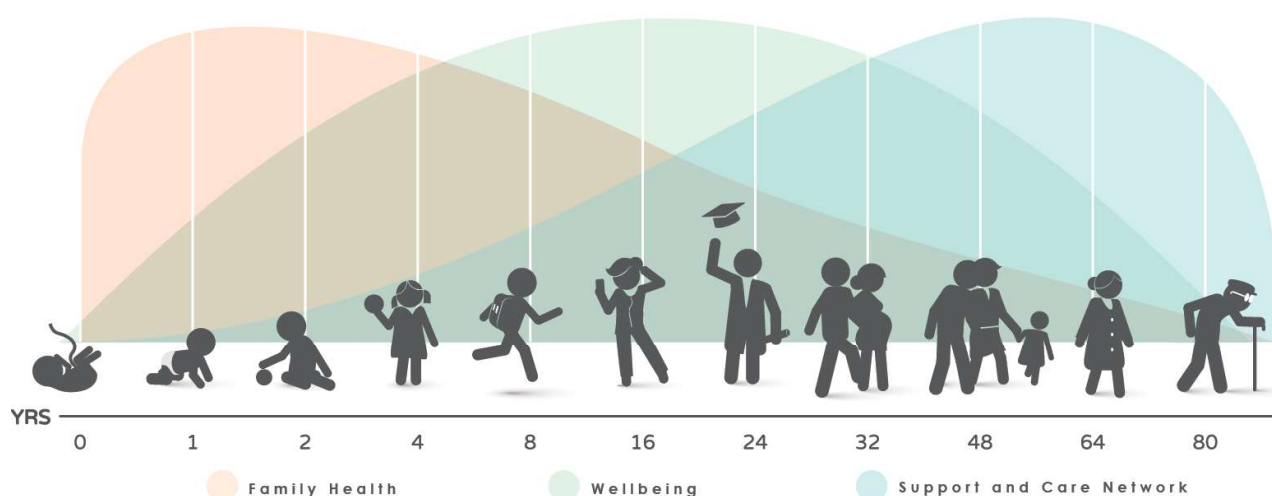
Many healthcare issues can be addressed if as consumers, we exercise more, eat healthy, sleep well and manage stress better.

With the use of Artificial Intelligence (AI), machine learning and gaming techniques we have a greater chance to influence behaviour modifications – to stop bad habits, lose weight, take our meds, exercise more and become more socially active.

The better way to stop the escalation in healthcare costs is by addressing the demand side.

## EMPOWERMENT, ENGAGEMENT AND COLLABORATION WITH PROVIDERS.

Supporting consumers throughout their lifetime



## TOMORROW'S GROWTH REVENUE

Prior to July 2017, the Company spent an average of \$1M each year on product development for the next-generation of software platforms aimed at connecting healthcare consumers and clinicians.

Timing is considered one of the most important factors in the success of technology companies.

In the past year, our product development was accelerated. We have invested approximately \$2M in new product development to fast track the release of our SaaS (Software as a Service) platforms that together comprise our Connected Health Records (CHR) portfolio.

These are designed for mobility and international markets:

- to work on smart phones, tablets and laptops,
- to support multiple languages, and,
- to offer an open marketplace for third parties to value-add modules unique to certain specialties or jurisdictions.

**Connected Health Records** comprise of 4 platforms:

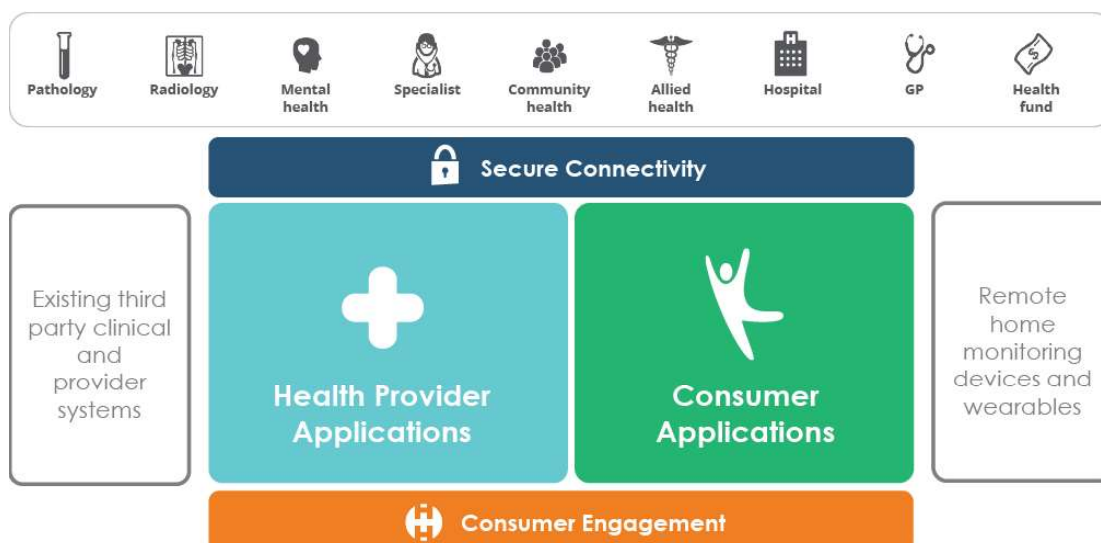
**MasterCare+** is the cloud-based marketplace where healthcare providers can subscribe to the Software Services and features they need – patient record management, prescriptions, medication management, diagnostic services, secure messaging, clinical notes, management plans, billing, appointments etc. Within 5 years, MasterCare+ is expected to replace the functionality of our existing on-premises hospital, community health, medical and allied health applications.

**LifeCard** is for consumers; you and I as customers of healthcare services, empowered to work proactively with our care teams. Lifecard is already available in Thai, Vietnamese and Bahasa – the 3 largest markets within ASEAN with about 450M consumers.

**HotHealth** enables healthcare providers to engage with their patients; with video-conferencing, their own web-store, online appointments, special-interest groups and chats; In essence, the online clinic for healthcare providers to build communities of common interest. Consumers can subscribe to multiple providers e.g. their dentist, physio, GP, nutritionist etc.

Core to all of these is the **ReferralNet** SMD platform which enables data to securely flow from a single point of entry through to colleagues, funders and consumers.

Over the last 15 months, the **CHR** portfolio was successfully deployed to a limited number of early adopters with key learnings re-factored into the platforms ready for commercialisation and growth.





## DIGITALLY CONNECTED HEALTHCARE JOURNEY

We operate at the intersection of technology and healthcare which represents the best of both worlds - healthcare is a defensive industry that is less susceptible to economic cycles. We get sick in good times and in bad; enabling technology is the fastest growth industry in the world.

Healthcare technology is hard but sticky.

At Global Health, our strategy is to focus on a path to sustainable profitability. Our investments in new products and markets have been funded by internally generated funds – close to \$10M over the recent past.

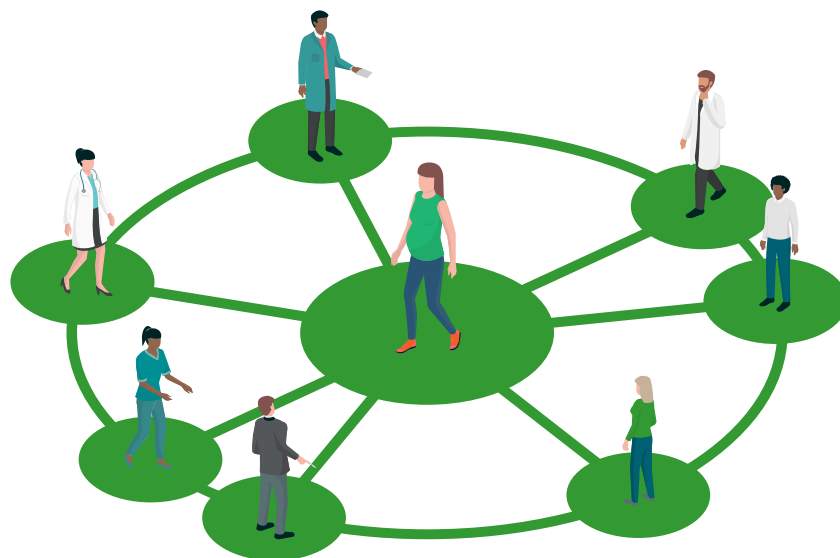
Our focus is on the prevention side of healthcare; platforms designed to educate consumers and encourage behaviour change.

Achieving scale will depend on the ability to execute our vision in markets with much greater populations of consumers.

The largest populations and fastest growing economies are in our neighbourhood - with a population of 650M consumers across South-East Asia or ASEAN, the potential market is 26 times larger than Australia. With a GDP already twice the size of Australia and growing at 30%, this is a key focus going forward.

Successfully expanding to international markets gives the scale of consumers we need to make an affordable difference.

Over the next three to five years, our traditional on-premises revenue derived from Australian customers will be augmented with revenue from our Connected Health Records platforms derived from a broader regional market.





**For more information:**

T: 61 3 9675 0688

**About Global Health Limited**

Global Health is a leading provider of e-health solutions to the Australian healthcare industry supporting healthcare delivery in hospitals and community settings.

Connectivity is embedded in Global Health applications to promote secure information sharing, financial transactions and the use of technology in ways that transform healthcare delivery.

Products in the Global Health suite include: MasterCare EMR, MasterCare PAS, PrimaryClinic, ReferralNet, Altitude Cloud Hosting, HotHealth and LifeCard.

Global Health is listed on the Australian Stock Exchange with its head office in Melbourne. For further information about Global Health and its products, visit [www.global-health.com](http://www.global-health.com).

Enquiries can be directed to Mathew Cherian, Chief Executive Officer, on +61 3 9675 0688 or alternatively by email to [mathew.cherian@global-health.com](mailto:mathew.cherian@global-health.com).

For and on behalf of Global Health Limited



**Mathew Cherian**  
**Chief Executive Officer and Managing Director**

## 2. DIRECTORS' REPORT

Your Directors present their report on Global Health Limited and controlled entities ('Group') for the financial year ended 30 June 2018.

### 2.1. DIRECTORS

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

<b>Names</b>	<b>Position</b>
Steven L. Pynt	Non-executive Chairman
Mathew Cherian	Executive director
Grant Smith	Non-executive director
Robert Knowles	Non-executive director
Pattie Anne Beerens	Non-executive director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### INFORMATION ON DIRECTORS

The skills, experience and expertise of each person who is a Director of the Company at the end of the financial year is provided below.

#### 1. STEVEN L. PYNT

Qualifications  
LLB, BBus, MBA, MTax

##### Independent Non-Executive Chairman

Mr Pynt has been an independent non-executive director since 2000 and Chairman since 2005.

##### Experience

He is a Director of the Perth legal firm, MP Commercial Lawyers, and his main area of practice is in commercial law including corporations' law, franchising and contracts. He is a member of the Australian Institute of Company Directors and was formerly a member of the Racing Penalties Appeals Tribunal and Chairman of the Commercial Tribunal of WA.

##### Other Listed Company Current Directorships

Ephraim Resources Limited  
Gondwana Resources Limited

##### Former Directorships in the last 3 years prior to the current year

Richfield International Limited

##### Special Responsibilities

Chairman of the Board  
Member of Audit Committee

## 2. MATHEW CHERIAN

### Qualifications

BBus (IS/IT), MACS, MAICD

### Chief Executive Officer

### Experience

Mr Cherian has been in the information technology industry since 1981. In 1985 he established Working Systems Pty Ltd in Perth, Western Australia. Mr Cherian was appointed CEO of Working Systems Solutions Limited in January 2002, to re-focus the Group as a software product developer for the Healthcare sector. The initial phase culminated with the re-branding of the Company as Global Health Limited in December 2007. Mr Cherian plays an active role in product strategy and the development of overseas markets for the Company.

### Other Current Directorships

None

### Former Directorships in the last 3 years prior to the current year

None

### Special Responsibilities

Managing Director

## 3. GRANT SMITH

### Qualifications

BComm, AAIM, ASIA

### Independent Non-Executive Director

### Experience

Mr Smith has worked in insurance, superannuation, investment and funds management for over 40 years. He started with National Mutual (now AMP) in the investments division and was responsible for the establishment of the funds management business for National Mutual.

In 1984 he established an independent funds management group and floated Hospitals of Australia - the first healthcare investment fund in Australia. Hospitals of Australia owned and operated a number of hospitals throughout Australia.

Mr Smith was intimately involved in the building of a number of hospitals including Strathfield private, Southern Highlands Private Hospital, Port Macquarie Hospital and the refurbishment of a number of other healthcare facilities. Hospitals of Australia was ultimately acquired by Mayne Nickless Limited. In the past 15 years Mr Smith developed and built the Medica Centre and opened the first digital (paperless) private surgical hospital in Australia. He is currently involved in developing new hospitals in Melbourne. Mr Smith is also involved in utilising digital technology to generate increased productivity and efficiencies for the healthcare sector.

### Other Listed Company Current Directorships

None

### Former Directorships in the last 3 years prior to the current year

None

### Special Responsibilities

Chairman of the Audit Committee

## 4. ROBERT KNOWLES

Qualifications  
MAICD AO

### Independent Non-Executive Director

#### Experience

Mr Knowles is a farmer and company director. He is a director of the Silver Chain Group of Companies, IPG Pty Ltd, Drinkwise Australia Ltd and Beyond Blue Ltd.

He is Chair of the Royal Children's Hospital. Mr Knowles was Victorian Minister for Health from 1996 until 1999 and a member of the Victorian Legislative Council from 1976 to 1999. He has also served as Chairman of Food Standards Australia and New Zealand, as a Commissioner with the National Mental Health Commission, and as an Aged Care Complaints Commissioner.

#### Other Listed Company Current Directorships

None

#### Former Directorships in the last 3 years prior to the current year

St John of God Healthcare Ltd

#### Special Responsibilities

None

## 5. PATTIE ANNE BEERENS

Qualifications  
LLBcom, GAICD

### Independent Non-Executive Director

#### Experience

Pattie Beerens has worked in the health care sector for over 20 years and as the CEO of two health sector industry associations for over 12 years. Ms Beerens' early career was as a commercial solicitor and then as Company Secretary and General Manager for McEwans Limited in 1991.

Ms Beerens established and launched Australia's first health only pharmacy franchise in 1998 for Faulding Limited and, as General Manager for Mayne Group Limited, took the lead on pharmacy systems and government relations. In 2005, as Executive Director of the National Pharmaceutical Services Association, Ms Beerens led the establishment of the Community Service Obligation (a Federal Government initiative), which recognised the importance of timely patient access, to medicines across Australia. The CSO commenced in 2005 and continues today to support access to medicines in rural Australia.

Ms Beerens has an ongoing role as CEO of the Australian Diagnostic Imaging Association.

#### Other Listed Company Current Directorships

None

#### Former Directorships in the last 3 years prior to the current year

None

#### Special Responsibilities

None

## 2.2. COMPANY SECRETARY

Mr Sam Butcher [LLB(Hons), BEc] was appointed as company secretary with effect from 21 June 2018. Sam was previously company secretary of BHP Billiton Limited, Zinifex Limited and Bonlac Foods Limited. Mr Glenn Fowles was company secretary until November 2017 and Mr Joseph Phillippas was company secretary from November 2017 to June 2018.

## 2.3. MEETING OF DIRECTORS AND COMMITTEES

The number of meetings of the Company's Board of Directors and of each Audit committee held, whereby members could attend in their capacity during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Directors Meetings		Audit Committee Meetings	
	Number of Meetings Attended	Number of Meetings eligible to attend	Number of Meetings Attended	Number of Meetings eligible to attend
Mr M Cherian	6	6	-	-
Mr S L Pynt	6	6	2	2
Mr G Smith	6	6	2	2
Mr R Knowles	6	6	-	-
Ms P Beerens	6	6	-	-

## 2.4. DIRECTORS' INTERESTS

Relevant interests of the Directors and their closely related parties in the shares of the Company at the date of this report are:

	Ordinary Shares	Options
Mr M Cherian	18,619,370	150,000 <sup>1</sup>
Mr S L Pynt	257,408	200,000
Mr G Smith	300,000	100,000
Mr R Knowles	20,000	100,000
Ms P Beerens	22,000	-
<b>Total</b>	<b>19,218,778</b>	<b>550,000</b>

<sup>1</sup> Options through a related party, Kye Cherian

## 2.5. PRINCIPAL ACTIVITIES

During the year the principal activities of the Group consisted of:

1. the development, sales and support of application software for the healthcare sector; and
2. the development of systems integration software that enables data to be securely exchanged between multiple, disparate applications within an enterprise and across the healthcare value chain.

## 2.6. RESULTS AND DIVIDENDS

### 2.6.1. OPERATING RESULTS

The loss of the Group for the financial year after providing for income tax and eliminating non-controlling equity interests amounted to \$421,234 (2017: profit \$1,728,045).

## 2.6.2. DIVIDENDS

During the financial year ended 30 June 2018, the Company did not pay a dividend. Details of dividends are disclosed in note 29 of the financial statements.

## 2.7. REVIEW OF OPERATIONS

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the 'Chief Executive Officer's Operations Report' section of this Annual Report.

## 2.8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group during the financial year ended 30 June 2018 and up to the date of this report.

## 2.9. SIGNIFICANT EVENTS AFTER REPORTING DATE

There have been no significant events after reporting date.

## 2.10. LIKELY DEVELOPMENTS

The Group will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

## 2.11. SHARE OPTIONS

At the date of this report, the unlisted ordinary shares of Global Health Limited under option are:

Date of Issue	Date of Expiry	Exercise Price per option	Number Under Option*
26 May 2014	26 May 2019	\$0.75	300,000
10 June 2016	10 June 2020	\$0.65	310,000
19 December 2016	30 November 2019	\$0.75	400,000
19 December 2016	30 November 2021	\$0.75	600,000
			<b>1,610,000</b>

\*Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. All options were issued by Global Health Limited and entitled the holder to one ordinary share in Global Health Limited for each option exercised.

During the year ended 30 June 2018, the following events occurred:

- 530,000 options with an exercise price of \$0.65 expired on 19 December 2017

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

## 2.12. REMUNERATION REPORT (AUDITED)

### 2.12.1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration of Directors and key management personnel of the Company is established by the Board. Remuneration is determined as part of an annual performance review, having regard to market factors and a performance evaluation process. The remuneration framework is designed to align executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. For Directors and executives, remuneration packages generally comprise salary and superannuation. Executives are also provided with longer-term incentives through the employee share and share option schemes, which act to align the executive's actions with the interests of the shareholders. Non-Executive Directors are not entitled to performance-based bonuses.

The Board meets annually to review its own performance. The Chairman also holds individual discussions with each Director to discuss their performance. The Non-executive Directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

#### PERFORMANCE BASED REMUNERATION

Performance based remuneration is evaluated based on specific criteria, including the Group's business performance and achievement of turnover and Net Profit After Tax (NPAT) targets, whether long-term strategic objectives are being achieved and the achievement of individual performance objectives.

#### RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

The remuneration principles are tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance bonus based on KPIs, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests. There is no formal remuneration policy linking remuneration and the company's performance.

#### NON-EXECUTIVE DIRECTORS' REMUNERATION

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board to ensure all payments are appropriate and in line with the market. The maximum amount of remuneration as determined by shareholders at the Company's Annual General Meeting on 24 November 2009 is \$350,000 per annum which may be divided among Non-Executive Directors in the manner determined by the Board from time to time. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in similar sized companies and sectors in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. There were no remuneration consultants used during the year.

#### EXECUTIVE DIRECTORS' REMUNERATION

The Executive Directors' salary and conditions are determined by the Board of Directors and reviewed at the expiry of each contract period.

#### EXECUTIVE REMUNERATION

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. There are no guaranteed base pay increases included in any senior executive's contract.



## 2.12.2. DETAILS OF REMUNERATION

Details of the remuneration of the Directors and the key management personnel of Global Health Limited are set out in the following table:

2018	Short-Term benefits	Performance related	Post-Employment Benefits	Other long term benefits	Share-based Payment*		
Name	Salary and or Fees \$	Bonus \$	Superannuation \$	Accrued Long Service Leave \$	Shares \$	Total \$	Proportion of Remuneration that is performance based %
Directors:							
Mr S L Pynt	51,605	-	4,902	-	7,868	64,375	-
Mr M Cherian	212,534	-	53,027	4,190	-	269,751	-
Mr G Smith	32,036	-	3,043	-	3,934	39,013	-
Mr R Knowles	35,240	-	3,347	-	3,934	42,521	-
MS P Beerens	35,160	-	3,340	-	-	38,500	-
Key Management Personnel:							
Mr D Groenveld	164,383	-	15,616	2,740	15,819	198,558	-
Mr K Jayesuria	134,288	-	24,587	2,435	15,819	177,129	-
TOTAL	665,246	-	107,862	9,365	47,374	829,847	-

There have been no changes in Directors and Executives subsequent to year end.

2017	Short-Term benefits	Performance related	Post-Employment Benefits	Other long term benefits	Share-based Payment*		
Name	Salary and or Fees \$	Bonus \$	Superannuation \$	Accrued Long Service Leave \$	Shares \$	Total \$	Proportion of Remuneration that is performance based %
Directors:							
Mr S L Pynt	41,284	-	3,922	-	9,432	54,638	-
Mr M Cherian	269,034	-	33,381	4,189	-	306,604	-
Mr G Smith	32,037	-	3,043	-	4,716	39,796	-
Mr R Knowles	32,037	-	3,043	-	4,716	39,796	-
Ms P Beerens	18,645	-	1,771	-	-	20,416	-
Key Management Personnel:							
Mr P Curigliano (resigned 28 Dec 2016)	140,044	-	20,820	-	-	160,864	-
Mr K Jayesuria	120,580	-	35,370	2,435	16,002	174,387	-
TOTAL	653,661	-	101,350	6,624	34,866	796,501	-

\* Recognise expense of granting share options to directors and KMP in prior years.

### 2.12.3. SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. It is Company policy that employment contracts contain provisions for termination with notice or payment in lieu of notice, and for termination by the Company without notice for serious misconduct or breach of contract. The Managing Director is entitled to receive a termination payment in addition to notice where the Company terminates employment on grounds of illness or incapacity. The notice period required to be given by the employee or the Company along with any termination payments are set out in the table below.

	Notice period by Company	Notice period by Employee	Termination Payments
Managing Director			
Mr M Cherian	6 months	6 months	6 months*
Principal Architect			
Mr D Groenveld	1 month	1 month	None
Chief Operating Officer			
Mr K Jayesuria	1 month	1 month	None

\* If termination is by reason of the employee's illness or incapacity.

### 2.12.4. INTERESTS IN SHARES AND OPTIONS

#### SHARES

The interest of Directors and their related entities in shares of the Company as at 30 June 2018 are:

	Total number of shares		Number of shares sold		Number of shares acquired	
	2018	2017	2018	2017	2018	2017
Mr M Cherian	18,619,370	18,619,370	-	-	-	-
Mr S L Pynt	257,408	257,408	-	-	-	25,000
Mr G Smith	300,000	300,000	-	-	-	-
Mr R Knowles	20,000	20,000	-	-	-	-
Ms P Beerens	22,000	22,000	-	-	-	22,000
<b>TOTAL</b>	<b>19,218,778</b>	<b>19,218,778</b>	-	-	-	47,000

Directors receive dividends from their shareholdings in the normal course of dividend payments by the Company – refer to note 29 for details of dividends paid.

## OPTIONS

The interests of Directors and their related entities in options of the Company as at 30 June 2018 are:

	Total number of options <sup>2</sup>		Number of option granted during the year		Number of options exercised during the year	Number of Options vested/ exercisable at report date	Number of Options unvested at report date	Option type (Listed / Unlisted)	Exercise price per Option (\$)
	2018	2017	2018	2017	2018	2018	2018		
Mr M Cherian <sup>1</sup>	150,000	150,000	-	-	-	150,000	-	Unlisted	\$0.65
Mr S L Pynt	200,000	200,000	-	200,000	-	133,333	66,667	Unlisted	\$0.75
Mr G Smith	100,000	100,000	-	100,000	-	66,663	33,337	Unlisted	\$0.75
Mr R Knowles	100,000	100,000	-	100,000	-	66,663	33,337	Unlisted	\$0.75
Ms P Beerens	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>550,000</b>	<b>550,000</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>416,659</b>	<b>133,341</b>		

<sup>1</sup> Options through a related party, Kye Cherian <sup>2</sup> Options holders have no rights to participate in any share or interest issue of the entity/other entities.

### 2.12.5. LOANS TO KEY MANAGEMENT PERSONNEL

At the end of the reporting period, a loan of \$24,491 was outstanding from Key Management Personnel of which interest of \$1,772 had been charged during the year. There were no loans advanced to key management personnel during the year (2017: \$45,000).

### 2.12.6. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

-- End of audited remuneration report --

## 2.13. INDEMNIFICATION OF DIRECTORS AND EXECUTIVES

During or since the end of the financial year, the Group has not, in any respect for any person who is or has been an officer or director of the parent entity or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

During or since the end of the financial year the Group has paid premiums in respect of a contract insuring the Directors and officers of all companies in the Group against a liability incurred in their role as Directors and officers of all companies within the Group except where:

- The liability arises out of conduct involving a willful breach of duty; or
- There has been a contravention of Sections 182 or 183 of the Corporations Act 2001.

The total amount of premiums paid by the Group for Directors and Officers Liability Insurance was \$14,870 (2017: \$13,610).

## 2.14. 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.

## 2.15. NON-AUDIT SERVICES

The Company's auditor, ShineWing Australia, has provided consultancy services regarding our tax position. Details of amounts paid for their statutory audit duties and consultancy are detailed in Note 23.

## 2.16. ENVIRONMENTAL ISSUES

As the operations of the Group are limited to computer software development and support and professional consulting services, the Group has minimal involvement in and exposure to environmental risks and issues. The Group is not required to comply with any specific environmental Act.

## 2.17. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles to the extent outlined in the Corporate Governance Statement. The Company's Corporate Governance Statement is contained in a separate section of this Annual Report.

## 2.18. AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 accompanies and forms part of this report.

Signed in accordance with a resolution of the Directors.



**Steven Leigh Pynt**  
**Non-Executive Chairman**  
**Melbourne, 27 September 2018**

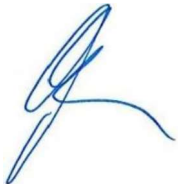
**Auditor's Independence Declaration under Section 307C of the Corporations Act  
2001 to the directors of Global Health Ltd and Controlled Entities**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 27 September 2018

### 3. CORPORATE GOVERNANCE STATEMENT

Global Health Limited (the Company) and the Board are committed to achieving and demonstrating high standards of corporate governance. Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the Principles and Recommendations of the ASX Corporate Governance Council (3rd Edition - 2014) as well as current standards of best practice for the entire financial year ended 30 June 2018.

The Company and its controlled entities together are referred to as the Group in this statement.

The Board of Directors of the Company is responsible for the corporate governance of the Group. The Directors are responsible to the shareholders for the performance of the Group in both the short and longer term and seek to balance competing objectives in the best interests of the Group as a whole. The Board is also responsible for setting the strategic direction and policies of the Group. The focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and implementation of the corporate strategy and policies are delegated by the Board to the Chief Executive Officer.

A description of the Company's main corporate governance practices is set out below. All of these practices, unless otherwise stated, were in place for the entire year.

#### **Ethical Standards**

The Board is committed to its core governance values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers. These values are enshrined in the Board's Code of Conduct policy.

The Code of Conduct Policy, requires all directors, management and employees at all times to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts of interest and make full disclosure of any potential conflicts;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful or unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions made by the Board.

#### **Diversity Policy**

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent.

The Company's diversity policy includes requirements for the Board to develop measurable objectives for diversity, and annually assess both the objectives and the progress in achieving them. As Director and senior executive positions become vacant and appropriately qualified candidates become available, the Board has developed the following objectives:

- achieve a diverse and skilled workforce leading to continuous improvement;
- develop clear criteria for behavioural expectations in relation to promoting diversity in the work environment;
- ensure that personnel responsible for recruitment take diversity issues into account when considering vacancies;

- create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives; and
- create awareness in all employees of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board believes it has implemented these objectives throughout the Company's workforce and continues to monitor and assess the Company's efforts in this regard.

The number of women employed by the Company and their employment classifications are as follows:

	2018		2017	
	Number	Percentage	Number	Percentage
Women on the Board	1	20%	1	20%
Women in Senior Management	-	0%	-	0%
Women employees in the Company	11	29%	14	35%

### 3.1. COMPOSITION OF THE BOARD

There were five directors on the Board throughout the year. Of these, four were non-executive directors and one was an executive director, namely the Managing Director/Chief Executive Officer. Each year one-third of directors and any director (excluding the Managing Director) who has held office for three years or three annual general meetings (whichever is longer) must retire from office. A retiring director is eligible to seek re-election if so minded. The skills, experience and expertise relevant to the position of each director who is in office at the date of the Annual Report and their term of office are detailed in the Directors' Report. The Board strives to achieve a mix of commercial, financial, legal, management, health industry and IT skills and experience among its members.

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three Directors and should maintain a majority of independent Non-Executive Directors;
- the Chairman must be an independent Non-Executive Director;
- the roles of Chief Executive Officer and Chairman must not be performed by the same person;
- the Board should comprise Directors with an appropriate range of qualifications and expertise; and
- the Board shall meet regularly and have available all necessary information to participate in an informed discussion of all items of business.

When considering potential candidates for directorship, the Board assesses qualified and experienced professionals and business people. The Company does not engage any consultants to source potential Board members, but relies on the Directors' industry contacts to identify potential candidates based on their professional and business reputation, health care services industry experience and other areas of expertise. The Company seeks to maintain a diverse range of members of the Board by having only one director drawn from any one professional background at any one time.



## 3.2. BOARD MEMBERS

The Directors in office at the date of this statement are:

Name	Position
Mr S L Pynt	Non-Executive Chairman
Mr M Cherian	Chief Executive Officer and Managing Director
Mr G Smith	Non-Executive Director
Mr R Knowles AO	Non-Executive Director
Ms P Beerens	Non-Executive Director

There are currently four Non-Executive Directors who are considered independent under the principles set out below, and one Executive Director.

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

As a Board, the Directors are expected to provide the following skills and knowledge:

- a balance of proven expertise, diverse skills and experience in commerce, finance, health care innovation and other areas where software technology can improve the experience of consumers and providers of health care services;
- an understanding of the roles, duties and responsibilities of directors under the Corporations Act;
- leadership skills, experience making decisions at the highest levels, strategic thinking and long-term planning abilities;
- an understanding of current issues affecting the Australian health care industry in particular, and in general a wider understanding of international medical and technological trends in health care provision and consumption;
- flexible, consultative and innovative approaches to communicating and achieving corporate goals; and
- a passion for and strong commitment to the success of the activities of the Company.

As the Company has a relatively small Board, the full Board acts as a nomination committee and reviews Board membership including an assessment of necessary and desirable skills and competencies, particularly in the context of board renewal.

## 3.3. BOARD RESPONSIBILITIES

The responsibilities of the Board include:

1. providing strategic guidance to the management team, including contributing to the development of and approving the corporate strategy;
2. reviewing and approving business plans, the annual budget and financial plans, including available resources and major capital expenditure initiatives;
3. overseeing and monitoring:
  - a. organisational performance and the achievement of the Group's strategic goals and objectives; and
  - b. progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
4. monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
5. appointment, performance assessment and, if necessary, removal of the Managing Director;

6. ratifying the appointment and removal of and contributing to the performance assessment of members of the senior management team;
7. ensuring there are effective management processes in place and approving major corporate initiatives;
8. enhancing and protecting the reputation of the Group; and
9. overseeing the operation of the Group's systems for compliance and risk management and reporting to shareholders.

### 3.4. NON-EXECUTIVE DIRECTORS' INDEPENDENCE

The Board has adopted specific principles in relation to the independence of Non-Executive Directors. These state that to be considered independent, a Director must be Non-Executive and:

- not be a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years, not have been employed in an executive capacity by the Company or any other Group member or been a Director after ceasing to hold any such employment;
- within the last three years not have been a principal of a material professional advisor or a material consultant to the Company or any other Group member, or an employee materially associated with the service provided;
- not be a material supplier or customer of the Company or any other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- have no material contractual relationship with the Company or a controlled entity other than as a Director;
- not have been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- be free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

### 3.5. TRADING POLICY

Directors are subject to the legislative restrictions on acquiring or disposing of securities of the Company, if they are in possession of information which is not generally available, and which a reasonable person would expect to have a material effect on the price of the securities of the Company if it were generally available.

The Company's securities trading policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

### 3.6. CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the Company's senior executives.

The CEO is responsible for implementing Group strategies and policies. The Board charter specifies that these are separate roles to be undertaken by separate people.

### 3.7. COMMITMENT

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2018, and the number of meetings attended by each Director is disclosed in the Directors' Report.

The four Non-Executive Directors meet during the year, in scheduled sessions without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from this meeting are shared with the full Board as appropriate.

It is the Company's practice to allow its Executive Directors to accept appointments outside the Company with prior written approval of the Board.

Prior to appointment or being submitted for re-election, each Non-Executive Director is required to specifically acknowledge that they have and will continue to make the time available to discharge their responsibilities to the Company.

### 3.8. CORPORATE REPORTING

The Managing Director and Financial Controller have made the following certifications to the Board:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

### 3.9. AUDIT COMMITTEE

The Board has established an Audit Committee which acts in accordance with its charter. The Audit Committee consists of the following Non-Executive Directors:

Mr S L Pynt  
Mr G Smith (Chair)

Due to the small number of Board members, the Board has agreed to allow the Audit Committee to be made up of two independent Non-Executive Directors. Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report. The Committee is chaired by Mr Smith.

The Audit Committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industries in which the Group operates. The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

It is the Committee's responsibility to ensure that an effective internal control framework exists within the Group, including liaison with external auditors. This includes internal controls for the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

### 3.10. REMUNERATION

The Board does not have a separate remuneration committee due to the small number of Board members. Consequently, the issue of remuneration is under the control of the Board which has the responsibility of reviewing and approving remuneration of the Non-Executive Chairman and other executives of the Group. Remuneration levels will be competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the Board may obtain independent advice on the appropriateness of remuneration packages and obtain any necessary shareholder approvals. The amount of remuneration for all Directors is detailed in the Directors' Report.

Payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders. The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the Group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value. Details of the remuneration and performance of executives are included in the Directors' Report.

### 3.11. RISK

The Board does not have a separate risk committee due to the small number of Board members. The Board is responsible for overseeing the Group's systems for compliance and risk management. The Board approves the Group's risk management framework, which is implemented by management, and monitors periodically reviews the key risks.

The Group does not have an Internal Audit Function. The Board is of the opinion that due to the nature and size of the Group, the functions performed by an internal auditor are being adequately served by the independent external auditors.

### 3.12. MONITORING OF THE BOARD'S PERFORMANCE

The Board has adopted a code of conduct for Directors in keeping with the Company's desire to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the Board reviews its performance and the Chairman reviews the performance of individual Directors annually. These performance reviews are generally conducted internally and the Board will seek an externally-facilitated performance review if it considers it appropriate to do so.

### 3.13. COMMUNICATION WITH SHAREHOLDERS

The Board aims to ensure that shareholders are informed of all information necessary to assess the performance of the economic entity. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders;
- the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;
- release of material information to the ASX, including media and market updates; and
- the Company's website: [www.global-health.com](http://www.global-health.com).

The Company Secretary is the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating disclosure of information to the ASX. Information disclosed to the ASX is posted on the Company's website after it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the materials used in the presentation are released to the ASX and posted on the Company's website.

All shareholders are entitled to receive a copy of the Company's annual and half yearly reports. In addition, the Company seeks to provide opportunities for shareholders to participate through electronic means. Initiatives to facilitate this include making all Company announcements, media briefings, details of Company meetings, press releases for the last three years and financial reports for the last three years available on the Company's website. The website also includes an option for shareholders to register their email address for direct email updates on Company matters.

### 3.14. INDEPENDENT PROFESSIONAL ADVICE

Each Director is entitled to seek independent professional advice at the expense of the Company in carrying out their duties as a Director. Prior to obtaining such advice, if at the expense of the Group, the Chairman will be advised of the matter and an estimate of the cost.

### 3.15. ASX RECOMMENDATIONS

		Complied	Note
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its Board and management; and (b) those matters expressly reserved to the Board and those delegated to senior management	✓	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	✓	
1.5	A listed entity should have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them, and either: the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.	✓	
1.6	A listed entity should have and disclose the process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	
1.7	A listed entity should have and disclose the process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	--	1
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	✓	
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	✓	
2.4	A majority of the Board of a listed entity should be independent Directors	✓	

		Complied	Note
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	✓	
4.1	The Board of a listed entity should: (a) have an Audit Committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	✓	2
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	✓	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	✓	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	✓	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	---	3
7.2	The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓	



		Complied	Note
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	--	4
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	
8.1	The Board of a listed entity should : (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	--	5
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	✓	
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	✓	

**Notes:**

Note 1: The Board of Directors of the Company does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full Board.

Note 2: The Company has three Non-Executive Directors, of whom two comprise the Audit Committee. The Board is of the opinion that due to the nature and size of the Company, this function can be adequately handled with less than the three members recommended under ASX guidelines.

Note 3: The Company does not have a Risk Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Risk Committee can be adequately handled by the full Board.

Note 4: The Company does not have an Internal Audit Function due to the nature and size of the Company,

Note 5: The Company does not have a Remuneration Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Remuneration Committee can be adequately handled by the full Board.

## 4. ANNUAL FINANCIAL REPORT

This Global Health Limited consolidated entity ('Group') financial report is presented in the Australian currency.

Global Health Limited is a company limited by shares, incorporated and domiciled in Australia.

The Company's registered office and principal place of business is:

**Global Health Limited**  
**Level 2, 607 Bourke Street**  
**Melbourne, Victoria 3000**  
**Australia.**

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report which are part of this financial report.

The financial report was authorised for issue by the Directors on 27 September 2018.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018 \$	2017 \$
Revenue from the sale of licenses and maintenance contracts	2	3,880,443	3,415,775
Revenue from professional services	2	1,408,076	1,191,795
Other income	2	682,352	692,611
Settlement on Chiron Software Litigation	2	-	5,000,000
<b>Total revenue from continuing operations</b>		<b>5,970,871</b>	<b>10,300,181</b>
Salaries and related costs	3	(4,172,422)	(4,954,609)
Direct external costs	3	(207,310)	(263,754)
General and administration costs	3	(1,729,593)	(1,731,893)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>(138,454)</b>	<b>3,349,925</b>
Finance costs	3	(110,060)	(146,500)
Depreciation	3	(63,624)	(87,931)
Amortisation	3,9	(132,778)	(266,021)
Impairment	3,9	-	(917,381)
Non-operating foreign exchange gains/(losses)		(166)	(73)
<b>(Loss)/profit before income tax</b>		<b>(445,082)</b>	<b>1,932,019</b>
Income tax benefit/(expense)	4	23,848	(203,974)
<b>Net (loss)/profit for the year (after tax)</b>		<b>(421,234)</b>	<b>1,728,045</b>
Other comprehensive income			
Exchange differences on translating foreign operations		-	(6,259)
<b>Total comprehensive (loss)/profit for the year</b>		<b>(421,234)</b>	<b>1,721,786</b>
<b>Net (loss)/profit for the year attributable to:</b>			
Owners of the parent	17	(421,234)	1,728,369
Non-controlling interest	18	-	(324)
		(421,234)	1,728,045
<b>Total comprehensive (loss)/profit attributable to:</b>			
Owners of the parent		(421,234)	1,722,118
Non-controlling interest		-	(332)
		(421,234)	1,721,786
<b>Earnings per share</b>			
Earnings per share – after tax			
Basic earnings after tax per share (cents per share)	25	(1.259)	5.212
Diluted earnings per share after tax (cents per share)	25	(1.183)	4.896
Earnings per share – before tax			
Basic earnings before tax per share (cents per share)	25	(1.330)	5.827
Diluted earnings per share before tax (cents per share)	25	(1.250)	5.474

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	Consolidated Group	
		2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	5	1,157,536	2,543,412
Trade and Other Receivables	6	2,262,567	1,821,098
Other Assets	7	187,752	185,969
Current tax asset	4	805,136	481,842
<b>Total Current Assets</b>		<b>4,412,991</b>	<b>5,032,321</b>
Non-Current Assets			
Trade and other receivables	6	-	140,911
Property, plant and equipment	8	87,694	150,738
Intangibles	9	6,533,971	4,817,920
Deferred tax asset	10	517,819	596,599
<b>Total Non-Current Assets</b>		<b>7,139,484</b>	<b>5,706,168</b>
<b>Total Assets</b>		<b>11,552,475</b>	<b>10,738,489</b>
Current Liabilities			
Trade and other payables	11	1,312,032	1,079,282
Interest bearing liabilities	12	515,657	389,880
Provisions – Employee Benefits	13	574,201	506,469
Unearned income	14	1,427,676	1,462,960
<b>Total Current Liabilities</b>		<b>3,829,566</b>	<b>3,438,591</b>
Non-Current Liabilities			
Interest bearing liabilities	12	1,170,513	1,078,880
Provisions – Employee Benefits	13	17,121	30,764
Unearned income	14	-	46,128
Deferred tax liability	10	1,984,923	1,282,415
<b>Total Non-Current Liabilities</b>		<b>3,172,557</b>	<b>2,438,187</b>
<b>Total Liabilities</b>		<b>7,002,123</b>	<b>5,876,778</b>
<b>Net Assets</b>		<b>4,550,352</b>	<b>4,861,711</b>
Equity			
Contributed equity	15	20,898,742	20,836,242
Reserves	16	152,454	105,079
Accumulated losses	17	(16,500,920)	(16,079,686)
<b>Total Parent Entity Interest</b>		<b>4,550,276</b>	<b>4,861,635</b>
Non-controlling interest	18	76	76
<b>Total Equity</b>		<b>4,550,352</b>	<b>4,861,711</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

Consolidated Group	Issued capital ordinary	Option reserve	Currency translation reserve	Retained earnings	Total attributable to owners of the parent	Non-Controlling interest	Total equity
Balance 1 July 2017	20,836,242	80,845	24,234	(16,079,686)	4,861,635	76	4,861,711
Issue of share capital	62,500	-	-	-	62,500	-	62,500
Options revaluation	-	47,375	-	-	47,375	-	47,375
Transactions with owners	62,500	47,375	-	-	109,875	-	109,875
Profit/(loss) for the period	-	-	-	(421,234)	(421,234)	-	(421,234)
Other comprehensive income:	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	-	(421,234)	(421,234)	-	(421,234)
Balance 30 June 2018	20,898,742	128,220	24,234	(16,500,920)	4,550,276	76	4,550,352
Balance 1 July 2016	20,728,742	29,978	30,485	(17,144,355)	3,644,850	408	3,645,258
Issue of share capital	62,500	-	-	-	62,500	-	62,500
Exercise of options	45,000	-	-	-	45,000	-	45,000
Share based payment	-	50,867	-	-	50,867	-	50,867
Transactions with owners	107,500	50,867	-	-	158,367	-	158,367
Profit/(loss) for the period	-	-	-	1,728,369	1,728,369	(324)	1,728,045
Payment of dividends	-	-	-	(663,700)	(663,700)	-	(663,700)
Other comprehensive income:	-	-	-	-	-	-	-
Exchange difference on translation of foreign operations	-	-	(6,251)	-	(6,251)	(8)	(6,259)
Total comprehensive profit/(loss) for the period	-	-	(6,251)	1,064,669	1,058,418	(332)	1,058,086
Balance 30 June 2017	20,836,242	80,845	24,234	(16,079,686)	4,861,635	76	4,861,711

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated Group	
		2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		5,080,045	4,722,667
Cash received from the settlement of Chiron Software litigation		-	5,000,000
Receipts from Research and Development Grants		491,888	423,002
Payments to suppliers and employees		(5,232,719)	(6,491,096)
Interest received		16,969	43,206
Interest and finance costs paid		(110,060)	(146,500)
<b>Net cash inflow from operating activities</b>	27	<b>246,123</b>	<b>3,551,279</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of plant and equipment		-	-
Purchase of property, plant and equipment		(580)	(66,056)
Purchase of intangibles		(1,848,829)	(1,154,170)
<b>Net cash outflow from investing activities</b>		<b>(1,849,409)</b>	<b>(1,220,226)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		602,807	-
Repayment of borrowings		(385,397)	(272,969)
Payment of dividends		-	(663,700)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>217,410</b>	<b>(936,669)</b>
Net (decrease)/increase in cash and cash equivalents held		(1,385,876)	1,394,384
Cash and cash equivalents at the beginning of the financial year		2,543,412	1,149,028
Cash and cash equivalents at the end of the financial year	5	1,157,536	2,543,412

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

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Global Health Ltd and Controlled Entities (the "consolidated group" or "group"). Global Health Limited is a for-profit listed company limited by shares and domiciled in Australia.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The separate financial statements and notes of the parent entity, Global Health Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. The parent entity summary is included in Note 30.

The financial statements were authorised for issue by the Board of Directors on 27 September 2018

### BASIS OF PREPARATION

The general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, 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.

#### a. PRINCIPLES OF CONSOLIDATION

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A list of controlled entities is contained in Note 19 to the financial statements. All controlled entities have a June financial year end. As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased). All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of profit or loss.

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously-held equity interest shall form the cost of the investment. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss. Where changes in the value of such equity holdings had been previously recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds or consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

## **b. IMPAIRMENT OF NON-FINANCIAL ASSETS**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

## **c. REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## SALES REVENUE

Sales revenue comprises revenue earned (net of returns, discount and allowances) from the provision of products or services to entities outside the consolidated entity. Sales revenue is categorised and recognised as follows:

Initial Licence Fees and Upgrade Fees

Initial Licence Fees and Upgrade Fees are brought to account on the earlier of:

1. the date of signing the contract or agreement or;
2. the date stipulated in the executed contract or agreement.

The entity is able to recognise the revenue when the significant risks of ownership are transferred from the entity to the buyer and one of the above conditions is met.

### Maintenance Fees

Maintenance fees are a non-refundable deferred revenue stream. Clients subscribe to their licences in advance – ranging from monthly, quarterly, half-yearly to annual payments. They are proportionally accrued in arrears, at the end of each month and recognised as revenue over the licence period. These entitle the customer to a usage licence, help desk telephone support and rights to extended warranty and product enhancements.

### Professional Services

Professional services are brought to account on the issue of invoice on completion of work that may be performed on a time and materials or a project milestone basis. This includes work done in the health and non-health segments.

## GRANTS

Grant monies are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

## INTEREST INCOME

Interest revenue is recognised using the effective interest method.

## ASSET SALES

The net profit or loss on sales of fixed assets including plant and equipment is included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

### d. GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the consolidated statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flow.

**e. INCOME TAX**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts directly in equity are also recognised directly in equity.

**TAX CONSOLIDATION LEGISLATION**

The Company and its wholly-owned Australian entities have implemented the tax consolidation legislation. These were formally adopted on lodgement of the 2004 income tax returns.

The Company is responsible for recognising the deferred tax assets relating to tax losses for the Tax Consolidated Group. The Tax Consolidated Group has entered into a tax-sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the Tax Consolidated Group.

**f. INTANGIBLE ASSETS**

Intangible assets consist of the following:

**DEVELOPED PRODUCTS**

Developed products are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Developed products have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project which is 10 years.

**PRODUCTS UNDER DEVELOPMENT**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. The carrying value of products under development are reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired. On commercialisation of these products which is represented by when the asset is available for use, the capitalised costs relating to the project is transferred to Developed products

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**g. PLANT AND EQUIPMENT****COST AND VALUATION**

Plant and equipment, leasehold improvements and furniture and fittings are carried at cost.

Asset are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

**DEPRECIATION AND AMORTISATION**

Plant and equipment, leasehold improvements and furniture and fittings of the consolidated entity are depreciated/amortised on a diminishing value basis. Rates of depreciation/amortisation are calculated to allocate the cost, less estimated residual value at the end of the useful lives of the assets.

The depreciation/amortisation rates used for each class of depreciable assets are:

Class of Asset	Diminishing Value (%)
Leasehold Improvements	29 - 37
Plant and Equipment	13 - 67

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

**h. FOREIGN CURRENCY****FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Global Health Limited's functional and presentation currency.

**TRANSLATION OF CONTROLLED FOREIGN ENTITIES**

The results and financial position of all the Group entities that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

**i. LEASES**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which effectively transfer to the Group, substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments and amortised over the period the Group is expected to benefit from the use of the leased assets. Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised in operating profit or loss over the lease term.

**j. EMPLOYEE BENEFITS**

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

**SHORT TERM BENEFITS**

Liabilities arising in respect of wages, salaries, annual leave and other employee benefits expected to be wholly settled within 12 months represent the amount which the Group has a present obligation to pay resulting from employees' services provided up to the reporting date. Liabilities have been calculated at the amounts expected to apply at the time of settlement. On-costs are included in this amount.

**LONG TERM BENEFITS**

The liability for employee benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using corporate bond rates at reporting date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for long service leave, consideration has been given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

**SHARE-BASED PAYMENTS**

Share-based compensation benefits are provided to employees via the Company's Employee Option Plan and an employee share scheme. Information relating to these schemes is set out in Note 21.

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense over the vesting period with a corresponding increase in the option reserve. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Black-Scholes pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

At each reporting date, the entity revises its estimate of the number of options that is expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

## K. TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The amounts are unsecured and are recognised as a current liability with the amounts normally paid within 30 days of recognition.

## I. FINANCIAL INSTRUMENTS

### Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Financial instruments are classified and measured as set out below.

## CLASSIFICATION AND SUBSEQUENT MEASUREMENT

### 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 (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less 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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group 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 30 days overdue) are considered indicators that the trade receivable is 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.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statement of profit or loss and other comprehensive income.

**IMPAIRMENT OF FINANCIAL ASSETS**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss.

**FINANCIAL GUARANTEES**

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a 12-month period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

**DERECOGNITION**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**m. CONTRIBUTED EQUITY**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

**n. EARNINGS PER SHARE**

Basic earnings per share (EPS) is calculated as the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

- Diluted EPS is calculated as the net result attributable to members, adjusted for:
- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## **o. CASH AND CASH EQUIVALENTS**

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

## **p. GOVERNMENT GRANTS**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income on the date of receipt of the grant.

The Government has the right to review grants paid and may clawback funds in the event of an excess claim.

## **q. BORROWING COSTS**

Borrowing costs are expensed as incurred.

## **r. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

### **Key estimates**

#### **(i) Impairment**

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Impairment tests are carried out on intangibles, receivables and subsidiaries.

With respect to cash flow projections in Australia and overseas, modest growth rates have been factored into valuation models for the next five years on the basis of management's expectations around the Group's continued ability to capture market share from competitors.

### **Key judgments**

#### **(i) Provision for Impairment of Receivables**

Provision for impairment of trade receivables has been included in Note 6 Receivables.

#### **(ii) Deferred Tax Asset**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## (iii) Employee Benefits Provisions

Employment on-costs expenses such as workers' compensation insurance and payroll tax are included in the calculation of employee benefit provisions.

## (iv) Capitalisation of Development Costs

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

**s. GOING CONCERN**

As at 30 June 2018 the company has cash reserves of \$1,157,536 (2017: \$2,543,412) and a net current asset position of \$583,426 (2017: \$1,593,730). The current year loss before tax for the period was \$445,082 (2017: Profit \$1,932,019 - after receipt of \$5,000,000 related to our Chiron software dispute). The annual financial report has been prepared on a going concern basis which assumes that the consolidated entity will be able to meet their debts as and when they fall due. The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

**Success in continued operations**

In the current and previous financial year, the Group was successful in obtaining contracts with Government agencies and large community health organisations. This is expected to increase cash flows related to the operations of the entity. We have prepared and provided a cash flow statement for the next 12 months indicating positive cash flows for this period up to September 2019. Management also have the ability to reduce operating costs in relation to development should the need arise. Increases in expected collections with the ability to reduce operating costs in relation to development will allow the group to increase its operating cash flows.

**Expansion into the ASEAN region**

The Group has expanded its activities in the ASEAN region (Malaysia, Singapore, Indonesia, Thailand, Vietnam). Management expect to leverage this position to increase operating cash flows through the sale of software and services targeted towards international markets through international distributors.

**Availability of Finance**

The Group, through its financial institutions, is able to acquire additional financial support if so required. A facility limit of \$1,000,000 is available immediately to the Company.

On the basis of these factors, the Directors believe that the going concern basis of preparation is appropriate and the Group will be able to repay their debts as and when they fall due. In the event that the Group cannot continue as a going concern, it may not realise its assets and settle its liabilities in the normal course of operations and at the amounts stated in the financial statements.

**t. NEW ACCOUNTING STANDARDS AND AUSTRALIAN ACCOUNTING INTERPRETATIONS**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

– **AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2019)**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The revised requirements include:

- simplifications to the classification of financial assets
- simplifications to the accounting of embedded derivatives
- an expected loss impairment model
- the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.
- a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

The financial assets and liabilities of the Group consist of cash, receivables and payables. Therefore, the directors do not expect a material impact on transition to AASB 9.

– **AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019)**

This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The directors have made a preliminary assessment of the impact as follows:

**New Licenses:**

New Licenses under AASB 15 will be recognised over the service period in which they fall due. This is consistent with the approach taken for recurring revenue. Income received in advance for this service period will be classified as a current liability.

**Recurring licenses:**

There will be no change under AASB 15 for recognition of recurring licenses. These are recognised over the service period of the contract. Income received in advance for this service period will be classified as a current liability.

**Professional Fees:**

For professional service offered to existing clients for ad-hoc services revenue will be recognised when the performance obligation is met which would normally occur when services are rendered. For professional services performed for new clients related to the setup of software, revenue will be recognised over the assessed expected life of the client. Our current assessment of client life is for five years. This is based on our longest contract period offered as well as management's assessment of client life.

**Other income:**

Other income will not be significantly impacted by AASB 15. It will be recognised as income when the identified performance obligations have been satisfied.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

The effect on revenue (consolidated) accounts is as follows:

Account	2018 as per current accounting standards	Potential restatement under AASB 15 requirements	2018 Restated under AASB 15 requirements
	\$	\$	\$
Profit and Loss			
Decrease in Revenue from the sale of licenses and maintenance contracts	3,880,443	(188,792)*	3,691,651
Decrease in Revenue from professional services	1,408,076	(845,592)*	562,484
Statement of Financial Position			
Increase in New subscriptions/professional services in advance	-	1,034,384	1,034,384

Account	2017 as per current accounting standards	Potential restatement under AASB 15 requirements	2017 Restated under AASB 15 requirements
	\$	\$	\$
Profit and Loss			
Revenue from the sale of licenses and maintenance contracts	8,415,775	(281,984)*	8,133,791
Revenue from professional services	1,191,795	(443,251)*	748,544
Statement of Financial Position			
Increase in New subscriptions/ professional services in advance	-	725,235	725,235

\*Restatement of revenue is based on the changes anticipated by AASB 15 and by the assumptions made by management as at preparation date of the financial statements. Assumptions may be reassessed in the future accounting period's results in differences in the expected restatement of revenue balances for the 2018 Financial Year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).**

AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on balance sheet and a change in how related expenses are incurred. It is expected total property leases of \$667,550 will be recognised on the balance sheet as lease assets and liabilities and that annual rental of approximately \$154,693 will be reclassified from occupancy costs to depreciation and interest.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

– **AASB 2018-1 Annual Improvements to IFRS Standards 2015–2017 Cycle**

AASB 2018-1 makes a number of relatively minor amendments to AASB 3 Business Combinations, AASB 111 Joint Arrangements, AASB 112 Income Taxes and AASB 123 Borrowing Costs.

When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements.

– **AASB 2018-1 Annual Improvements to IFRS Standards 2015–2017 Cycle**

Interpretation 22 looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. Although AASB 121 The Effects of Changes in Foreign Exchange Rates sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency, the IFRS Interpretations Committee had observed diversity in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognised.

Interpretation 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

When these amendments are first adopted for the year ending 30 June 2020, there will be no material impact on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**2. REVENUE AND OTHER INCOME**

	Consolidated Group	
	2018 \$	2017 \$
Revenue		
Sales of licenses	1,267,218	906,187
Maintenance contracts	2,613,225	2,509,588
Professional services	1,408,076	1,191,795
	5,288,519	4,607,570
Other Income		
Settlement on Chiron Software litigation	-	5,000,000
Interest received on financial assets	16,969	43,206
Research and Development grants	491,888	423,002
Other	173,495	226,403
	682,352	5,692,611
	<b>5,970,871</b>	<b>10,300,181</b>

**3. EXPENSES**

	Consolidated Group	
	2018 \$	2017 \$
Profit before income tax includes the following specific expenses		
Direct external costs	207,310	263,754
Depreciation of non-current assets	63,624	87,931
Amortisation of Intangibles	132,778	266,021
Impairment of Intangibles	-	917,381
Wages and salaries, net of Capitalised Development cost	4,172,422	4,954,609
Travel and accommodation	198,054	116,222
Operating lease expense	154,693	149,700
Finance cost (interest expense and bank charges)	110,060	146,500

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## 4. INCOME TAX EXPENSE

	Consolidated Group	
	2018 \$	2017 \$
<b>The major components of tax expense comprise:</b>		
(Increase) in Current Tax	(805,136)	(481,842)
Increase/(decrease) in Deferred Taxes	781,288	685,816
	<b>(23,848)</b>	<b>203,974</b>
<b>The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
(Loss)/profit from continuing operations before income tax	(445,082)	1,932,019
Prima facie tax/(tax benefit) at 27.5% (2017: 30%)	(122,398)	579,606
Add tax effect of:		
Other expenses (non-deductible)	44,903	19,965
Entertainment (non-deductible)	2,185	17,712
Legal expenses (non-deductible)	2,829	5,815
Legal Expenses deducted in 2016	-	182,858
Tax Losses not recognised as a deferred tax asset	122,398	-
Prior period differences	176,105	1,122,211
Less tax effect of:		
Tax losses deducted	-	(1,098,248)
Grants receivable	-	(126,901)
Refundable tax offsets	(249,870)	(149,537)
Tax losses recognised	-	(349,507)
<b>Income tax (benefit)/expense recognised</b>	<b>(23,848)</b>	<b>203,974</b>
<b>Current and Deferred tax balances:</b>		
Assets:		
CURRENT/NON-CURRENT		
Current tax asset	805,136	481,842
Deferred tax asset	517,819	596,599
<b>Liabilities:</b>		
<b>Deferred tax liability</b>	<b>1,984,923</b>	<b>1,282,415</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**5. CASH AND CASH EQUIVALENTS**

	Consolidated Group	
	2018 \$	2017 \$
Cash at bank and on hand	657,289	384,966
Deposits at call	500,247	2,158,446
<b>Total cash and cash equivalents</b>	<b>1,157,536</b>	<b>2,543,412</b>

**6. TRADE AND OTHER RECEIVABLES**

	Consolidated Group	
	2017 \$	2017 \$
Current		
Trade receivables	1,502,222	1,850,658
R&D Tax Offset	789,905	-
Impairment of receivables	(29,560)	(29,560)
	2,262,567	1,821,098
Non-Current		
Trade receivables	-	140,911
	-	140,911
<b>Total Trade Receivables</b>	<b>2,262,567</b>	<b>1,962,009</b>

**Provision for Impairment of Current Trade Receivables**

Current trade receivables are non-interest bearing receivables and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision are as follows:

	Consolidated Group	
	2018 \$	2017 \$
Balance at beginning of year	29,560	911
Charge for year	-	28,649
Amounts written off	-	-
Amounts reversed	-	-
<b>Closing balance</b>	<b>29,560</b>	<b>29,560</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**Trade receivables - impaired**

As at 30 June 2018, the following trade receivables of the Group were past due and impaired (2017: \$29,500). The ageing of trade receivables which have been impaired are as follows:

	Consolidated Group	
	2018 \$	2017 \$
1 to 3 months	-	-
3 to 6 months	-	-
Over 6 months	29,560	29,560

**Trade receivables that are past due but not impaired**

As of 30 June 2018, trade receivables of \$550,318 (2017: \$490,467) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated Group	
	2018 \$	2017 \$
1 month	91,436	150,759
2-3 months	19,612	131,287
Over 3 months	439,270	208,421

**Fair Values**

The carrying value less impairment provision of trade receivables are assumed to approximate fair value.

**7. OTHER ASSETS**

	Consolidated Group	
	2018 \$	2017 \$
Current		
Prepayments - Expenses	79,287	77,504
Security bond - Property at Level 2, 607 Bourke Street Melbourne	108,465	108,465
	<b>187,752</b>	<b>185,969</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**8. PROPERTY, PLANT AND EQUIPMENT****a. PROPERTY, PLANT AND EQUIPMENT SUMMARY**

Property, plant and equipment	Consolidated Group	
	2018 \$	2017 \$
Leasehold improvements – at cost	178,787	178,787
Accumulated amortisation	(135,765)	(117,727)
	<b>43,022</b>	<b>61,060</b>
Plant and equipment – at cost	232,842	344,221
Accumulated depreciation	(188,170)	(254,543)
	<b>44,672</b>	<b>89,678</b>
<b>Total property, plant and equipment</b>	<b>87,694</b>	<b>150,738</b>

**b. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION**

Movement in Carrying Amount	Consolidated Group	
	2018 \$	2017 \$
<b>Leasehold improvements</b>		
Carrying amount – as at 1 July	61,060	86,722
Additions	-	-
Amortisation	(18,038)	(25,662)
<b>Carrying amount – as at 30 June</b>	<b>43,022</b>	<b>61,060</b>
<b>Plant and equipment</b>		
Carrying amount – as at 1 July	89,678	85,891
Additions	580	66,056
Disposal, net	-	-
Depreciation	(45,586)	(62,269)
<b>Carrying amount – as at 30 June</b>	<b>44,672</b>	<b>89,678</b>
<b>Total property, plant and equipment</b>	<b>87,694</b>	<b>150,738</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**9. INTANGIBLE ASSETS****a. INTANGIBLE ASSET SUMMARY**

Intangible assets	Consolidated Group	
	2018 \$	2017 \$
<b>Products under development – at cost*</b>	<b>5,794,972</b>	<b>3,946,143</b>
Developed Products		
Cost	2,844,203	2,844,203
Accumulated amortisation	(1,187,823)	(1,055,045)
Accumulated Impairment	(917,381)	(917,381)
<b>Total Developed Products</b>	<b>738,999</b>	<b>871,777</b>
<b>Total intangible assets</b>	<b>6,533,971</b>	<b>4,817,920</b>

\* This represents costs arising from the development phase of internal projects. Development costs incorporate directly attributable employee benefit expenses, fees to register a legal right and other direct material and services costs to develop the project.

Developed products have finite useful life of 10 years which are amortised on a straight line basis over their effective life. The current amortisation charges for intangible assets have been separately presented as amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

**b. INTANGIBLE ASSET RECONCILIATION**

Movement in Carrying Amount	Products under Development \$	Developed Products \$	Total \$
Carrying amount – as at 1 July 2016	2,838,462	2,008,690	4,847,152
Additions	1,107,681	46,488	1,154,169
Transfer of commercialised product	-	-	-
Disposals	-	-	-
Amortisation charge	-	(266,020)	(266,020)
Impairment	-	(917,381)	(917,381)
<b>Carrying amount – as at 30 June 2017</b>	<b>3,946,143</b>	<b>871,777</b>	<b>4,817,920</b>
Carrying amount – as at 1 July 2017	3,946,143	871,777	4,817,920
Additions	1,848,829	-	1,848,829
Transfer of commercialised product	-	-	-
Disposals	-	-	-
Amortisation charge	-	(132,778)	(132,778)
Impairment	-	-	-
<b>Carrying amount – as at 30 June 2018</b>	<b>5,794,972</b>	<b>738,999</b>	<b>6,533,971</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**c. IMPAIRMENT DISCLOSURES****IMPAIRMENT TESTING OF PRODUCTS UNDER DEVELOPMENT**

Irrespective of whether there is any indication of impairment, the company will test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed as at the end of the financial period. The impairment testing had been performed based on the cash generating units identified by software product lines. These product lines fall within the acute and non-acute reporting segments as outlined in Note 26.

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a pre-tax discount rate of 10%. The following key assumptions were used in the value-in-use calculations:

- Pre-tax discount rate of 10%
- Growth rates (sales)
- Employment costs
- No terminal growth rate to extrapolate cash flows beyond the forecast period

	Sales Growth Rates		Discount Rates	
	2018	2017	2018	2017
Hospitals	2.1%	3.4%	10%	10%
Consumer	2.1%	3.4%	10%	10%
Connectivity	2.1%	3.4%	10%	10%
Allied Health	2.1%	3.4%	10%	10%

The software product lines have a finite useful life, hence no terminal value had been included at the end of the 5 year period in the recoverable amount calculation. Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the Group operates.

The table below discloses the expected subscriber growth rates as an average for the next 5 years and their sensitivity to change. The sensitivity test range represents reductions to subscriber growth rates applied to each CGU to test at which point impairment indicators exist. Based on the impairment testing performed for each CGU, there were no impairment indicators for products under development.

	Subscriber Growth (5 year average)		Sensitivity Test Range (Reduction of Growth)	
	2018	2017	2018	2017
Hospitals	13%	13%	10% - 80%	10% - 80%
Consumer	13%	13%	10% - 80%	10% - 80%
Connectivity	13%	13%	10% - 80%	10% - 80%
Allied Health	13%	13%	10% - 80%	10% - 80%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## 10. DEFERRED TAX BALANCES

Deferred tax asset	Opening Balance \$	Recognised in Profit or Loss \$	Recognised directly in Equity \$	Total \$
Opening balance at 1 July 2017	596,599			
Future income tax benefits attributable to tax losses	349,507	(49,917)	-	299,590
Accrued expenses	51,216	(51,216)	-	-
Provisions	195,876	22,353	-	218,229
Closing balance at 30 June 2018				517,819

Deferred tax liability	Opening Balance \$	Recognised in Profit or Loss \$	Recognised directly in Equity \$	Total \$
Opening balance at 1 July 2017	1,282,415			
Prepayments and other assets	986	18,571	-	19,557
Intangible assets	1,281,430	683,936	-	1,965,366
Closing balance at 30 June 2018				1,984,923

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

## 11. PAYABLES

	Consolidated Group	
	2018 \$	2017 \$
Trade creditors	437,506	469,635
Other creditors and accruals	874,526	609,647
	1,312,032	1,079,282

The carrying value of trade payables is assumed to approximate fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**12. INTEREST BEARING LIABILITIES**

	Consolidated Group	
	2018 \$	2017 \$
Current		
Borrowings	515,657	389,880
	515,657	389,880
Non-Current		
Borrowings	1,170,513	1,078,880
	1,170,513	1,078,880

Interest bearing liabilities are provided to Group on terms of 5 years and an average effective interest rate of 8.60%.

**13. EMPLOYEE BENEFITS**

	Consolidated Group	
	2018 \$	2017 \$
Analysis of Employee Benefits		
<b>Consolidated Group</b>		
Opening balance at 1 July	537,233	569,371
Amounts taken during the year	(214,140)	(254,744)
Amount provided during the year	268,229	222,606
<b>Closing Balance 30 June</b>	<b>591,322</b>	<b>537,233</b>
Current		
Employee benefits	574,201	506,469
Non – Current		
Employee benefits	17,121	30,764
	<b>591,322</b>	<b>537,233</b>

**14. UNEARNED INCOME**

	Consolidated Group	
	2018 \$	2017 \$
Current		
Annual subscriptions and maintenance in advance	1,427,676	1,462,960
Non-Current		
Annual subscriptions and maintenance in advance	-	46,218
	<b>1,427,676</b>	<b>1,509,178</b>

Annual licence and maintenance in advance revenue comprises fees for the right to use our software, minor fixes, rights to updated versions and limited help line support. These are invoiced up to 12 months in advance. The revenue is recognised monthly as the services are provided to clients.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**15. CONTRIBUTED EQUITY**

	Consolidated Group			
	2018 Number	2018 \$	2017 Number	2017 \$
<b>Issued and paid up capital</b>	<b>33,470,259</b>	<b>20,898,742</b>	<b>33,354,995</b>	<b>20,836,242</b>
Ordinary shares				
Opening balance	33,354,995	20,836,242	32,846,662	20,728,742
Add: Shares issued for the purchase of the medical software assets of Abaki Pty Ltd	115,264	62,500	208,333	62,500
Add: Shares issued under Exempt Employee Share Plan	-	-	-	-
Add: Shares issued from exercise of options	-	-	300,000	45,000
<b>Total number of shares on issue</b>	<b>33,470,259</b>	<b>20,898,742</b>	<b>33,354,995</b>	<b>20,836,242</b>

**a. ORDINARY SHARES**

The holders of ordinary shares are entitled to receive dividends as they are declared from time to time and are entitled to one vote per share at the shareholders meeting. In the event of winding up the Company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any net proceeds of liquidation. There is no par value attributed to the shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**b. OPTIONS**

The movement in the number of unlisted options on issue throughout the year is as follows:

		Consolidated Group	
		2018 Number	2017 Number
<b>(i)</b>	<b>\$0.15 options exercisable on or before 5 July 2017</b>		
	Opening balance	-	300,000
	Issued	-	-
	Exercised	-	(300,000)
	Cancelled	-	-
	<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>(ii)</b>	<b>\$0.65 options exercisable on or before 19 December 2017</b>		
	Opening balance	530,000	530,000
	Issued	-	-
	Exercised	-	-
	Cancelled	(530,000)	-
	<b>Closing balance</b>	<b>-</b>	<b>530,000</b>
<b>(iii)</b>	<b>\$0.75 options exercisable on or before 26 May 2019</b>		
	Opening balance	300,000	300,000
	Issued	-	-
	Exercised	-	-
	Cancelled	-	-
	<b>Closing balance</b>	<b>300,000</b>	<b>300,000</b>
<b>(iv)</b>	<b>\$0.65 options exercisable on or before 10 June 2020</b>		
	Opening balance	310,000	390,000
	Issued	-	-
	Exercised	-	-
	Cancelled	-	(80,000)
	<b>Closing balance</b>	<b>310,000</b>	<b>310,000</b>
<b>(v)</b>	<b>\$0.75 options exercisable on or before 30 November 2019</b>		
	Opening balance	400,000	-
	Issued	-	400,000
	Exercised	-	-
	Cancelled	-	-
	<b>Closing balance</b>	<b>400,000</b>	<b>400,000</b>
<b>(vi)</b>	<b>\$0.75 options exercisable on or before 30 November 2021</b>		
	Opening balance	600,000	-
	Issued	-	600,000
	Exercised	-	-
	Cancelled	-	-
	<b>Closing balance</b>	<b>600,000</b>	<b>600,000</b>
	<b>TOTAL</b>	<b>1,610,000</b>	<b>2,140,000</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**c. CAPITAL MANAGEMENT**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital comprises ordinary share capital, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

	Consolidated Group	
	2018 \$	2017 \$
Gearing Ratios		
Borrowings	1,686,170	1,468,760
Less Cash and Cash Equivalents	(1,157,536)	(2,543,412)
Net Debt	528,634	(1,074,652)
Total equity	4,550,352	4,861,711
Total capital	5,078,986	3,787,059
Gearing Ratio	10%	(28%)

**16. RESERVES****a. CURRENCY TRANSLATION RESERVE**

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations.

Reconciliation of currency translation reserve	Consolidated Group	
	2018 \$	2017 \$
Balance at beginning of financial year	24,234	30,485
Exchange differences on translation of foreign operations	-	(6,251)
<b>Balance at the end of the financial year</b>	<b>24,234</b>	<b>24,234</b>

**b. OPTION RESERVE**

The option reserve records items recognised as expenses on valuation of employee share options.

Reconciliation of option reserve	Consolidated Group	
	2018 \$	2017 \$
Balance at beginning of financial year	80,845	29,978
Share based payment expense	47,375	50,867
Balance at the end of the financial year	128,220	80,845

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**17. ACCUMULATED LOSSES**

	Consolidated Group	
	2018 \$	2017 \$
Accumulated losses at the beginning of the financial year	(16,079,686)	(17,144,355)
Net profit attributable to the members of the parent entity	(421,234)	1,728,369
Dividends paid	-	(663,700)
<b>Accumulated losses at the end of the financial year</b>	<b>(16,500,920)</b>	<b>(16,079,686)</b>

**18. NON-CONTROLLING INTEREST**

Global Health Limited has a 93.8% (2016: 93.8%) interest in the subsidiary Working Systems Solutions (Malaysia) Sdn Bhd. Retained earnings attributable to the non-controlling interest are as follows:

	Consolidated Group	
	2018 \$	2017 \$
Balance at the beginning of the financial year	76	408
Non-controlling interests attributable to this entity is as follows:		
- share of profit/(loss)	-	(324)
- share of currency translation reserve		(8)
<b>Balance at the end of the financial year</b>	<b>76</b>	<b>76</b>

**19. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

Global Health Limited, incorporated in Australia, is the ultimate parent entity. Its legal form is a public company and the Company is domiciled in Victoria. Unless stated otherwise, all subsidiaries principal activity is the sale and support of application software for the healthcare sector.

Controlled Entity	Place of Incorporation	Type of Security	Interest 2018	Interest 2017
Global Health (Australia) Sdn Bhd	Kuala Lumpur	Ordinary Shares	100%	100%
Working Systems Solutions (Malaysia) Sdn Bhd	Kuala Lumpur	Ordinary Shares	94%	94%
Working Systems Solutions Pty Ltd	Victoria	Ordinary shares	100%	100%
Uni U International Pty Ltd	Western Australia	Ordinary shares	100%	100%
Working Systems Solutions (Singapore) Pte Ltd	Singapore	Ordinary shares	100%	100%
Bourke Johnston Systems Pty Ltd	Victoria	Ordinary shares	100%	100%
Working Systems Software Pty Ltd	Western Australia	Ordinary shares	100%	100%
Statewide Unit Trust	Western Australia	Units	100%	100%

## 20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments consist primarily of trade receivables, trade payables and borrowings. The Group does not have significant risk exposure to financial instruments and as such risk exposures are generally managed as part of the Group's overall strategic and operational risk management strategies. Consequently, there is currently no specific risk mitigating techniques employed. However, as the Group expands both domestically and internationally, management continues to monitor its exposure and will implement suitable policies when deemed necessary.

The financial instruments held by the Group are as follows:

		Consolidated Group	
		2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	5	1,157,536	2,543,412
Trade and other receivables	6	2,262,567	1,962,009
		<b>3,420,103</b>	<b>4,505,421</b>
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	11	(1,312,032)	(1,079,282)
Borrowings	12	(1,686,170)	(1,468,760)
		<b>(2,998,202)</b>	<b>(2,548,042)</b>

The Group is exposed to foreign currency fluctuations due to loan accounts between related entities being unhedged and requiring payment in Australian dollar at an undetermined date in the future.

### a. CREDIT RISK

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and essentially arises from holdings of cash and deposits, trade receivables and loans receivable as well as from the parent's potential obligations under the indemnity guarantee provided to banks. The risk is largely managed through a policy of only dealing with creditworthy counterparties. Periodic assessments of debtor balances are undertaken and provisions for impairment are recognised where appropriate.

Maximum exposure to credit risk without taking account of any collateral held or other credit enhancements arising from the Group's recognised financial assets is considered to be equivalent to their carrying values at reporting date. Maximum exposures arising from the indemnity guarantee are as disclosed at Note 24: Commitments and Contingencies. The Group does not have any significant credit risk exposure to any single counterparty or groups of counterparties having similar characteristics.

The majority of customers have long standing business relationships with the Group and their credit quality with respect to trade receivables is assessed as high.

All cash and cash equivalents are held with large reputable financial institutions within Australia, Malaysia and Singapore and therefore credit risk is considered very low.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	Consolidated Group	
	2018 \$	2017 \$
Cash at Bank and deposits		
Australian banks	1,143,744	2,529,019
Malaysian banks	13,792	13,791
	<b>1,157,536</b>	<b>2,542,810</b>

**b. LIQUIDITY RISK**

Liquidity risk is managed through monitoring current funds available, undrawn facilities and anticipated recovery of receivables and comparing with future funding requirements contained in management budgets and forecasts. In this regard, the timing of expected settlement of liabilities is also analysed so as to minimise risk with respect to obligations becoming past due. This is consistent with the prior year.

The maturity profile of the Group's financial liabilities is presented in the following table based on contractual maturity dates and represent undiscounted cash flows.

Group 30 June 2018	Within 1 year	1 to 5 years	Over 5 years	Total contracted cash flows
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and Other Payables	(1,312,032)	-	-	(1,312,032)
Borrowings	(515,657)	(1,170,513)	-	(1,686,170)
<b>Total expected outflows</b>	<b>(1,827,689)</b>	<b>(1,170,513)</b>	<b>-</b>	<b>(2,998,202)</b>
Financial assets – cash flows realisable				
Cash and cash equivalents	1,157,536	-	-	1,157,536
Trade and other receivables	2,262,567	-	-	2,262,567
<b>Total anticipated inflow on financial instruments</b>	<b>3,420,103</b>	<b>-</b>	<b>-</b>	<b>3,420,103</b>
<b>Net inflow/(outflow) on financial instruments</b>	<b>1,592,414</b>	<b>(1,170,513)</b>	<b>-</b>	<b>421,901</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Group 30 June 2017	Within 1 year	1 to 5 years	Over 5 years	Total contracted cash flows
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and Other Payables	(1,079,282)	-	-	(1,079,282)
Borrowings	(389,880)	(1,078,880)	-	(1,468,760)
<b>Total expected outflows</b>	<b>(1,469,162)</b>	<b>(1,078,880)</b>	<b>-</b>	<b>(2,548,042)</b>
Financial assets – cash flows realisable				
Cash and cash equivalents	2,543,412	-	-	2,543,412
Trade and other receivables	1,821,098	140,911	-	1,962,009
<b>Total anticipated inflow on financial instruments</b>	<b>4,364,510</b>	<b>140,911</b>	<b>-</b>	<b>4,505,421</b>
Net inflow/(outflow) on financial instruments	2,895,348	(937,969)	-	1,957,379

**c. MARKET RISK**

The Group is exposed to interest rate and foreign currency risk.

**(i) Interest rate risk**

The Group has exposure to variable interest rates on monies that are kept in at-call bank accounts.

For sensitivities relating to interest rate risk, refer to paragraph (iii) below.

**(ii) Foreign exchange risk**

The Group controls subsidiaries in Malaysia and Singapore and participates in a joint venture in Malaysia. The Group is therefore exposed to foreign exchange risk arising from exposure to currencies of these respective countries. Such risk arises from future transactions and assets and liabilities that are denominated in functional currencies other than the Australian dollar. Management does not engage in an active program of hedging exposure to foreign currencies.

The exposure to foreign currency risk at reporting date is represented by the following balances:

	Consolidated Group	
	2018	2017
	MYR	MYR
Assets denominated in foreign currency	41,100	48,181
Liabilities denominated in foreign currency	-	-
Net exposure to foreign currency	41,100	48,181

For sensitivities relating to foreign currency risk, refer to paragraph (iii) below.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**(iii) Sensitivity Analysis****Interest Rate Risk and Foreign Currency Risk**

The following sensitivity analysis demonstrates the effect on the current year results and equity which could result from a reasonably possible change in interest rate and foreign currency risks. The analysis is indicative only and assumes that the movement in the particular variable is independent of the other variables and that all other variables remained constant.

	Consolidated Group	
	2018 \$	2017 \$
<b>Change in profit after tax</b>		
+/- in interest rate by 0.5%	+/-5,800	+/-11,000
+/- in \$A/MYR rate by 15%	+/-2,100	+/-2,500
<b>Change in Equity</b>		
+/- in interest rate by 0.5%	+/-5,800	+/-11,000
+/- in \$A/MYR rate by 15%	+/-2,100	+/-2,500

**(iv) Capital Risk Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital comprises ordinary share capital supported by financial assets.

The Group does not currently have significant debt capital employed in the business. There are no externally imposed capital requirements.

**Fair value estimation**

The fair values of financial assets and financial liabilities are as presented in the consolidated statement of financial position. 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.

The net fair value of cash and cash equivalents and noninterest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their shortterm nature.

	2018		2017	
	Net Carrying Value \$	Net Fair value \$	Net Carrying Value \$	Net Fair value \$
Financial assets				
Cash and cash equivalents	1,157,536	1,157,536	2,543,412	2,543,412
Trade and other receivables	2,262,567	2,262,567	1,962,009	1,962,009
<b>Total financial assets</b>	<b>3,420,103</b>	<b>3,420,103</b>	<b>4,505,421</b>	<b>4,505,421</b>
Financial liabilities				
Trade and other payables	(1,312,032)	(1,312,032)	(1,079,282)	(1,079,282)
Borrowings	(1,686,170)	(1,686,170)	(1,468,760)	(1,468,760)
<b>Total financial liabilities</b>	<b>(2,998,202)</b>	<b>(2,998,202)</b>	<b>(2,548,042)</b>	<b>(2,548,042)</b>

## 21. SHARE-BASED PAYMENTS

### a. EMPLOYEE SHARE OPTION PLAN

The Employee Share Option Plan was adopted when the Company was listed. The plan allows the Company to grant options over shares to key executives and directors and other employees as selected by the Directors to enable them to participate in the future growth and profitability of the Company, to provide an incentive and reward for their contributions and to attract and maintain personnel. The options are issued at no consideration. The exercise price of options is based on the weighted average market price of the Company's Shares during the five trading days up to and including the date of grant of the option or such other date or period as the Directors consider appropriate. Options vest one-third each year over three years from the grant date and have an expiry date of five years from the grant date.

The parent entity has adopted two incentive plans to enable employees and directors to participate in ownership of Global Health Limited. The directors have determined that the total number of securities which may be issued pursuant to the Exempt Employee Share Plan and Employee Share Option Plan in any five-year period must not exceed 5% of the total number of securities on offer from time to time. This limitation only applies to new offers of securities by the parent entity and not to existing securities purchased on market under the Exempt Employee Share Plan.

The options issued under the ESOP are not quoted on the Australian Stock Exchange.

Employee Share Options are issued under the terms and conditions of the Plan as disclosed on the Company's website. Should an employee cease employment before the completion of two years after the issue of any employee option, the option issued automatically lapses, except where cessation is due to death or total permanent disability, retirement, redundancy or any other reason, based on which the directors believe is fair and reasonable to warrant the employee maintaining their right to exercise the option in which case they will have six (6) months to exercise the options.

	Consolidated Group	
	2018 Number	2017 Number
<b>Opening balance</b>	<b>2,140,000</b>	<b>1,520,000</b>
Issued	-	1,000,000
Exercised	-	(300,000)
Forfeited	(530,000)	(80,000)
<b>Closing balance</b>	<b>1,610,000</b>	<b>2,140,000</b>

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The market price of the ordinary shares of Global Health Limited was \$0.20 on 30 June 2018 (\$0.32 on 30 June 2017).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Set out below are summaries of options granted under the plan:

**Consolidated and parent entity - 2018**

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ forfeited during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
19 Dec 2013	19 Dec 2017	\$0.65	530,000	-	-	(530,000)	-	-
26 May 2014	26 May 2019	\$0.75	300,000	-	-	-	300,000	300,000
10 Jun 2016	10 Jun 2020	\$0.65	310,000	-	-	-	310,000	310,000
19 Dec 2016	30 Nov 2019	\$0.75	400,000	-	-	-	400,000	200,333
19 Dec 2016	30 Nov 2021	\$0.75	600,000	-	-	-	600,000	240,000
<b>TOTALS</b>			<b>2,140,000</b>	<b>-</b>	<b>-</b>	<b>(530,000)</b>	<b>1,610,000</b>	<b>1,050,333</b>
Weighted average exercise price			\$0.71	-	-	\$0.65	\$0.73	\$0.73
Weighted average share price			\$0.2600					

**Consolidated and parent entity - 2017**

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired/ forfeited during the year Number	Balance at the end of the year Number	Exercisable at the end of the year Number
5 July 2013	5 Jul 2017	\$0.15	300,000	-	(300,000)	-	-	-
19 Dec 2013	19 Dec 2017	\$0.65	530,000	-	-	-	530,000	530,000
26 May 2014	26 May 2019	\$0.75	300,000	-	-	-	300,000	300,000
10 Jun 2016	10 Jun 2020	\$0.65	390,000	-	-	(80,000)	310,000	260,000
19 Dec 2016	30 Nov 2019	\$0.75	-	400,000	-	-	400,000	133,333
19 Dec 2016	30 Nov 2021	\$0.75	-	600,000	-	-	600,000	120,000
<b>TOTALS</b>			<b>1,520,000</b>	<b>1,000,000</b>	<b>(300,000)</b>	<b>(80,000)</b>	<b>2,140,000</b>	<b>1,343,333</b>
Weighted average exercise price			\$0.57	\$0.75	\$0.15	\$0.65	\$0.71	\$0.67
Weighted average share price			\$0.3916					

**b. EXEMPT EMPLOYEE SHARE PLAN ('EESP')**

A plan under which shares may be issued by the Company to employees for no cash consideration was adopted when the Company was listed. All directors, officers or employees who are from time to time engaged in full or part time work for the Company are eligible to participate in the Exempt Employee Share Plan.

Under the plan, eligible employees may be granted up to \$1,000 worth of fully paid ordinary shares in the Company for no cash consideration. The market value of the shares will be measured as the market price quoted for buyers of the Company shares at the close of trading on the day immediately preceding the date of the offer by the Directors as published by the ASX.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

Offers under the plan are at the discretion of the Company and the shares cannot be transferred or assigned by the holder within the period of three years from the date of issue or transfer to the holder unless the holder ceases employment with the Company earlier than that date except that the holder may at any time transfer all or any of his Shares to his spouse or to a company the majority of the issued shares in which are beneficially owned by him or to any trust that the holder is a beneficiary of.

During the year, no shares were issued under the plan (2017: Nil).

## 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

### a. DIRECTORS AND KEY MANAGEMENT PERSONNEL

The following persons were Directors and Key Management Personnel of the Company during the financial year:

Mr S Pynt	Chairman – Independent Non-Executive
Mr M Cherian	Chief Executive Officer and Managing Director
Mr G Smith	Director – Independent Non-Executive
Mr R Knowles	Director – Independent Non-Executive
Ms P Beerens	Director – Independent Non-Executive
Mr D Groenveld	Principal Architect
Mr K Jayesuria	Chief Operating Officer

### b. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel for the year ended 30 June 2018. The total remuneration paid to Key Management Personnel of the Company and the Group during the year are as follows:

	Consolidated Group	
	2018 \$	2017 \$
Short-term employee benefits	665,246	653,661
Other long-term benefits	9,365	6,624
Share-based payments	47,374	34,866
Post-employment benefits	107,862	101,350
	<b>829,847</b>	<b>796,501</b>

#### Shares

The interest of key management personnel and their related entities in shares of the Company as at 30 June 2018 are:

	Total number of shares		Number of shares sold		Number of shares acquired	
	2018	2017	2018	2017	2018	2017
Mr D Groenveld	300,000	300,000	-	-	-	300,000
Mr K Jayesuria	4,000	4,000	-	-	-	-
	<b>304,000</b>	<b>304,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300,000</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**Options**

The interest of Key Management Personnel and their related entities in options of the Company as at 30 June 2018 are:

	Total number of options		Number of option granted during the year		Number of options exercised during the year	
	2018	2017	2018	2017	2018	2017
Mr D Groenveld	-	-	-	-	-	-
Mr K Jayesuria	600,000	600,000	-	300,000	-	-
	<b>600,000</b>	<b>600,000</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>

**Loans Payable**

The Company currently has outstanding \$61,794 payable to Mathew Cherian (2017: \$47,505) related to wages payments in arrears.

**23. REMUNERATION OF AUDITORS**

	Consolidated Group	
	2018 \$	2017 \$
Amounts received, or due and receivable by the auditors of the entity for:		
ShineWing Australia		
Taxation services for controlled entities	3,409	-
Auditing or reviewing the financial report	106,357	65,000
- TY Teoh International (Malaysia) [Part of the MSI Group Alliance]		
Auditing or reviewing the financial report of controlled entities	601	3,150
Taxation services for controlled entities	-	1,500
- J Wong and Associates (Singapore)		
Auditing or reviewing the financial report	4,240	1,500
	<b>114,607</b>	<b>71,150</b>

**24. COMMITMENTS AND CONTINGENCIES****a. OPERATING LEASE COMMITMENTS**

	Consolidated Group	
	2018 \$	2017 \$
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than 1 year	214,907	162,725
Later than 1 year but not later than 5 years	452,643	547,156
Later than 5 years	-	-
	<b>667,550</b>	<b>709,881</b>

The parent entity's operating lease for the relocated Melbourne office commenced on 14 July 2014 with reduced floor space in the same building. The Company signed on for a lease term of 7 years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**b. GUARANTEES**

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
The parent has provided a cash security bond in favour of the property owner of the parent entity's leased premises in Melbourne, Australia.	102,187	102,187

In the opinion of the Directors, the Group did not have any contingencies as at 30 June 2018.

**25. EARNINGS PER SHARE**

	<b>Consolidated Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
(Loss)/profit after tax from continuing operations attributable to owners of the parent	(421,234)	1,728,369
Net (loss) from continuing operations attributable to non-controlling interests	-	(324)
Earnings used in calculating basic and diluted earnings per share (after tax)	(421,234)	1,728,045
Earnings from continuing operations used in calculating basic and diluted earnings per share (before tax)	(445,082)	1,932,019
	<b>Number of Shares</b>	<b>Number of Shares</b>
Weighted average number of ordinary shares used in calculating <b>basic</b> earnings per share:	33,450,679	33,152,050
Weighted average number of ordinary shares used in calculating <b>diluted</b> earnings per share:	35,590,680	35,292,050
	<b>2018 Cents</b>	<b>2017 cents</b>
<b>Basic</b> earnings after tax per share (cents per share)	(1.259)	5.212
<b>Diluted</b> earnings per share (after tax)	(1.183)	4.896
<b>Basic</b> Earnings Per Share (before tax)	(1.330)	5.827
<b>Diluted</b> Earnings Per Share (before tax)	(1.250)	5.474

Earnings per share for discontinued operations was NIL (2017: NIL).

**26. SEGMENT INFORMATION****OPERATING SEGMENTS**

The Group operates in the computer technology, software and services industry with particular emphasis on healthcare and associated professional services. The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team ('the chief operating decision maker') in assessing performance and in determining the allocation of resources.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

The operating segments are identified by management based on the nature of the service provided. Discrete financial information about each of these operating service lines is reported to the executive management team on at least a monthly basis. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided, the similarity of the customer bases, the common reporting and management systems used and the common regularity environment applicable to each reportable segment. There is a clear designation of responsibility and accountability by the chief operating decision makers for the management and performance of these reportable segments.

The Group comprises the following main operating segments:

- **Acute** Information system applications for the hospital and day surgery market to deliver better and more integrated health care.
- **Non-Acute** Comprehensive suite of applications that provide the management of population outcomes for communities of common interest.
- **Other** Products and services delivered to non-healthcare customers and include revenues and expenses associated with third party products and cost recoveries from customers.
- **Corporate** Expenditure associated with Corporate, Sales and Marketing activities.

## SEGMENT ACCOUNTING POLICIES

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues. During the financial year there were no changes in segment accounting policies that had a material effect on the segment information.

## GEOGRAPHICAL SEGMENTS

Although the Group's divisions are managed on a global basis they operate in two main geographical areas:

### Australia

This is the home country of the main operating entity. The corporate head office is based in Melbourne, Victoria with a small number of employees also located in other states in Australia for the provision of professional services and product development.

### Malaysia

In prior years, the Group operated in the ASEAN region with local resources employed to provide support to Southeast Asian clients of the Group. Currently, the Company's clinical software, Mastercare EMR, is used by the Malaysian Ministry of Health's MENTARI community mental health program. The Company, through its Malaysian distributor, is looking to further its engagement in the market.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## Segment Information (continued)

Primary Reporting	Acute		Non-Acute		Other		Corporate		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Business Segments</b>										
<b>Revenue</b>										
Sales to customers outside the consolidated entity	1,110,085	1,089,119	4,277,288	3,735,338	583,498	475,724	-	-	5,970,871	5,300,181
SA Health settlement	-	-	-	-	-	-	-	5,000,000	-	5,000,000
Total segment revenue	1,110,085	1,089,119	4,277,288	3,735,338	583,498	475,724	-	5,000,000	5,970,871	10,300,181
<b>Results</b>										
Segment profit after tax	230,771	70,274	1,736,911	781,476	471,076	319,149	(2,859,992)	557,470	(421,234)	1,728,369
<b>Assets</b>										
Segment assets	2,147,798	1,985,016	8,275,720	6,807,984	1,128,957	867,048	-	1,078,441	11,552,475	10,738,489
<b>Liabilities</b>										
Segment liabilities	1,301,812	944,083	5,016,034	3,237,908	684,277	412,372	-	1,282,415	7,002,123	5,876,778
<b>Other segment information:</b>										
Depreciation	8,687	11,970	24,855	34,215	1,011	1,579	29,071	40,167	63,624	87,931
Amortisation	24,686	54,644	95,117	187,480	12,975	23,877	-	-	132,778	266,021
Impairment	-	-	-	917,381	-	-	-	-	-	917,381

Secondary Reporting Geographical	Australia		International		Consolidated	
	2018	2017	2018	2017	2018	2017
Segment revenue	5,955,871	10,290,666	15,000	9,515	5,970,871	10,300,181
Segment result	(424,456)	1,766,350	3,222	(37,981)	(421,234)	1,728,369
Segment assets	11,510,553	10,724,696	41,922	13,793	11,552,475	10,738,489
Segment liabilities	7,002,123	5,876,778	-	-	7,002,123	5,876,778

During 2018, \$1,164,804 or 19.5% (2017: \$450,145 or 4.4%) of the Company's revenues depended on a single customer in the Non-Acute segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

## 27. CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of Operating (Loss)/Profit before Income Tax to Net Cash provided by Operating Activities

	Consolidated Group	
	2018 \$	2017 \$
<b>Operating (loss)/profit before income tax</b>	<b>(445,082)</b>	<b>1,932,019</b>
Add /(deduct) non-cash items:		
Amortisation of Intangibles	132,778	266,021
Depreciation of fixed assets	63,624	87,931
Impairment of intangible assets	-	917,381
Employee share option expense	47,375	50,687
<b>Net cash (outflow)/inflow from operating activities before change in assets and liabilities</b>	<b>(201,305)</b>	<b>3,254,039</b>
Change in assets and liabilities during the period:		
(Increase) in trade and other receivables	(300,558)	(111,306)
(Increase)/decrease in other assets	(246,295)	700,749
Increase/(decrease) in provisions	54,089	(32,138)
Increase/(decrease) in trade and other payables	940,192	(260,065)
<b>Net cash inflow from operating activities</b>	<b>246,123</b>	<b>3,551,279</b>

## 28. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to reporting date.

## 29. DIVIDENDS

No Dividends were declared or paid in 2018. No provision is made for dividends on or before the end of the year.

During 2017, the Company declared and paid two special dividends of 1 cent each. Details of dividends declared and or paid:

Dividend Details	Special Dividend	Special Dividend	TOTAL
Date dividend declared	14 Sep 2016	24 Feb 2017	
Date dividend paid	25 Nov 2016	9 Mar 2017	
Franked amount per share	-	-	-
Unfranked amount per share	\$0.01	\$0.01	\$0.02
<b>Total per share</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.02</b>
Total value of dividend paid	\$330,150	\$333,550	\$663,700

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

**30. GLOBAL HEALTH LIMITED PARENT COMPANY INFORMATION**

	Global Health Limited	
	2018 \$	2017 \$
<b>Assets</b>		
Current Assets	4,371,068	4,935,761
Non-Current Assets	7,139,465	5,572,401
Total Assets	11,510,533	10,508,162
<b>Liabilities</b>		
Current Liabilities	3,829,566	3,484,719
Non-Current Liabilities	3,172,557	2,392,059
Total Liabilities	7,002,123	5,876,778
<b>Net Assets</b>	<b>4,508,410</b>	<b>4,631,384</b>
<b>Equity</b>		
Contributed equity	20,898,742	20,836,242
Reserves	152,454	80,846
Accumulated Losses	(16,542,786)	(16,285,704)
<b>Total Equity</b>	<b>4,508,410</b>	<b>4,631,384</b>
<b>Financial Performance</b>		
(Loss)/profit for the year after tax	(424,456)	1,766,025
Other comprehensive income	-	-
<b>Total Comprehensive (loss)/income</b>	<b>(424,456)</b>	<b>1,766,025</b>
Other than that stated in Note 24 to the financial statements, the Company is not subject to any contingent liabilities or contractual commitments		

## 5. DIRECTORS DECLARATION

In the opinion of the Directors of Global Health Limited ('the Company'):

- a. the financial statements and notes, set out on pages 32 to 75 are in accordance with the Corporations Act 2001 including:
  - i. giving a true and fair view of financial position of the consolidated entity as at 30 June 2018 and of its performance, for the year ended on that date;
  - ii. Complying with Accounting Standards in Australia and the Corporations Regulations 2001;
  - iii. Complying with International Reporting Standards as disclosed in Note 1; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2018.

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

On behalf of the Board



Steven Leigh Pynt  
Non-Executive Chairman  
Melbourne, 27 September 2018



## 6. SHAREHOLDER INFORMATION

This shareholder information is made up to 25 September 2018.

### 6.1. SHAREHOLDING

#### 1. Distribution of Shareholder Numbers

Category (size of holding)	Number of Holders	No. of Shares
1 – 1,000	35	10,375
1,001 – 5,000	140	441,161
5,001 – 10,000	85	668,418
10,001 – 100,000	103	3,799,682
100,001 and over	31	28,510,623
<b>TOTAL</b>	<b>394</b>	<b>33,430,259</b>

2. The number of security investors holding less than a marketable parcel of 2,380 securities (\$0.21 per share 25 September 2018) is 64 and they hold 60,124 securities. An unmarketable parcel of shares is generally a parcel of shares with a total value of less than \$500.

3. The names of the twenty largest holders of ordinary shares are:

Shareholder	No. of shares held	% of issued shares
MICRON HOLDINGS PTY LTD (Cherian Family Account)	13,558,334	40.56
MICRON HOLDINGS PTY LTD (Micron Holdings Pty Ltd Superfund A/c)	4,311,036	12.90
MRS ELIZABETH MAY PRISCILLA THOMAS	1,530,702	4.58
PACIFIC NOMINEES LIMITED	1,502,196	4.49
ALUMOOTIL MATHEW CHERIAN	750,000	2.24
ANNEX PARTNERS PTY LTD	500,000	1.50
TRIGLOBAL MANAGEMENT LIMITED	500,000	1.50
B & R JAMES INVESTMENTS PTY LIMITED	500,000	1.50
CONNAUGHT CONSULTANTS (FINANCE) PTY LTD	458,500	1.37
DR SERENE LIM	400,000	1.20
MR DAVID LEROY BOYLES	400,000	1.20
LOMAS SUPERANNUATION PTY LTD	315,000	0.94
EMERALD SHARES PTY LIMITED	300,000	0.90
ROXANNE INVESTMENTS PTY LTD	300,000	0.90
DAMON GROENVELD	300,000	0.90
MR RAJIV PARAMANATHAN	280,000	0.84
MS SERENE LIM & MR NICHOLAS RUSSELL WARD	274,480	0.82
CEBON	235,335	0.70
ASKET PTY LTD	226,074	0.68
DADIASO HOLDINGS PTY LTD	200,000	0.60
MR BRENDAN THOMAS BIRTHISTLE	186,000	0.56
DR MARIE HEITZ	167,066	0.50
LILYFIELD HOLDINGS PTY LTD	150,000	0.45
MR MICHAEL JOHN THROWER & MRS SUSAN KATHRYN THROWER	136,035	0.41
BUJO PTY LTD	130,000	0.39
<b>Total top 20 holders</b>	<b>27,610,758</b>	<b>82.59</b>

### 6.2. SUBSTANTIAL SHAREHOLDERS

Shareholder	No. of shares	Percentage
Micron Holdings Pty Ltd (Cherian Family Account)	13,558,334	40.56
Micron Holdings Pty Ltd (Micron Holdings Pty Ltd Superfund A/c)	4,311,036	12.90

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Global Health Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1(s) in the financial report, which indicates that the Group incurred a net loss before tax of \$445,082 during the year ended 30 June 2018 and generated negative total cash flows of \$1,385,876 during the year. As stated in Note 1(s), these events or conditions, along with other matters as set forth in Note 1(s), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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.

In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed during the audit
<p><b>Valuation of Intangible Assets (Note 9)</b></p> <p>Australian Accounting Standards require the Group to undertake an impairment analysis of assets where impairment indicators are identified from internal and external sources of information. For intangible assets not yet commercialised, an annual impairment assessment is required to be performed by the Group.</p> <p>As at 30 June 2018, the Group maintains software products under development amounting to \$5,794,972, which are subject to an annual impairment assessment.</p> <p>We have determined this is a key audit matter due to the judgment required by management in preparing value in use models to satisfy the impairment test as prescribed in AASB 136 <i>Impairment of Assets</i>, including the forecasting of future cash flows and applying an appropriate discount rate which inherently involved a high degree of estimation and judgement by management.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing the model for compliance with AASB 136 <i>Impairment of Assets</i>;</li> <li>We discussed with management business plans and reviewed post commercialisation revenue projections;</li> <li>Assessing management's determination of the cash generating units based on our understanding of the nature of intangible assets;</li> <li>Analysing the future cash flows forecasts and understanding the process by which they were developed, including testing the underlying calculations of the models and reasonableness of key assumptions;</li> <li>We performed sensitivity analysis on the key assumptions and variables to determine various outcomes of the value in use model and whether there were any significant impairment indicators; and</li> <li>Assessed the adequacy of the Group's disclosures within the financial statement.</li> </ul>
<p><b>Capitalisation of Development Costs (Note 9)</b></p> <p>During the year, Global Health Ltd continued to capitalise development costs relating to internal software development projects. For internally generated intangible assets, the Australian Accounting Standards require certain conditions to be satisfied prior to development costs being capitalised.</p> <p>We have determined this is a key audit matter due to the judgement required by management to differentiate costs between the research phase and development phase.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>We checked the capitalisation process and status of current projects to obtain an understanding of the relevant procedures and control activities performed to appropriately capitalise development costs;</li> <li>We enquired with management on significant transactions capitalised during the reporting period to determine the nature of the additions and whether this had been recognised in accordance with the relevant accounting standards; and</li> <li>We tested a sample of capitalised development costs for the year to source documentation and whether the intangible asset recognition criteria had been satisfied for capitalisation.</li> </ul>

Key Audit Matter	How the matter was addressed during the audit
<p><b>Revenue Recognition (Note 2)</b></p> <p>The Group's largest revenue streams relate to the provision of licences, maintenance fees and rendering of professional services. Some of these streams are dependent on project milestones being completed and also the subscription period of contracts.</p> <p>Revenue recognition from these streams can be complex and require judgement. Accordingly, the terms of the contracts and consequential revenue recognition has been identified as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We documented and tested processes and key internal controls in the revenue cycle (where applicable);</li> <li>• We considered the appropriateness of the accounting policy used to recognise revenue;</li> <li>• We checked sales transactions both sides of the balance sheet date for recognition in the appropriate year;</li> <li>• We selected a random sample of revenue transactions recorded during the year and traced to source documentation for reasonableness including examining the terms of the contract for appropriate revenue recognition;</li> <li>• We performed sales analytics against forecasts/prior year results (where applicable) to identify any sales anomalies;</li> <li>• We obtained evidence by requesting customer confirmations (where appropriate) and made enquiries with various management personnel to verify factual information on the project milestones; and</li> <li>• We checked the disclosures of the event and determined whether this was appropriately reflected in the financial statements.</li> </ul>

#### *Information Other than the Financial Report and Auditor's Report Thereon*

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 2018, but does not include the financial report and our 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.

#### *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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2018.

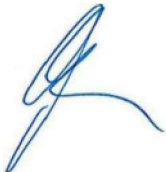
In our opinion, the Remuneration Report of Global Health Limited the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

#### *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.

A handwritten signature in blue ink that reads "ShineWing Australia".

**ShineWing Australia**  
Chartered Accountants

A handwritten signature in blue ink, likely belonging to Nick Michael.

Nick Michael  
Partner

Melbourne, 27 September 2018

## 8. CORPORATE DIRECTORY

### Directors

Mr Steven Leigh Pynt (Independent Non-Executive Chairman)  
 Mr Mathew Cherian (Chief Executive Officer and Managing Director)  
 Mr Grant Smith (Independent Non-Executive Director)  
 Mr Robert Knowles AO (Independent Non-Executive Director)  
 Ms Pattie Beerens (Independent Non-Executive Director)

### Company Secretary

Mr Sam Butcher

### Head Office

Level 2, 607 Bourke Street  
 Melbourne, Victoria 3000  
 Australia  
 Telephone: +61 (3) 9675 0600  
 Facsimile: +61 (3) 9675 0699  
 Email: [info@global-health.com](mailto:info@global-health.com)  
 Website: [www.global-health.com](http://www.global-health.com)

### Malaysia Registered Office

B-25-2, Block B, Jaya One  
 No. 72A Jalan Universiti  
 46200 Petaling Jaya, Selangor Darul Ehsan  
 Malaysia  
 Telephone: +603 7955 0955  
 Facsimile: +603 7955 0959

### Auditors

ShineWing Australia  
 Level 10, 530 Collins Street  
 Melbourne, VIC 3000 Australia  
 Telephone: +61 3 8635 1800  
 Facsimile: +61 3 8102 3400  
 Website: [www.shinewing.com.au](http://www.shinewing.com.au)

### Further Information

For further information about Global Health Limited and its operations, refer to Company announcements to the Australian Stock Exchange.

Information is also available on our website: [www.global-health.com](http://www.global-health.com)

### Share Registrar

Link Market Services Limited  
 Tower 4, 727 Collins Street  
 Melbourne, Victoria 3008,  
 Australia  
 Telephone: 1300 554 474  
 Facsimile: +61 (3) 9615 9848  
 Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
 Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

### Solicitors

Davies Collison Cave, Melbourne,  
 Australia  
 Finlaysons, Adelaide, Australia

### Bankers

Bank of Western Australia Ltd  
 ANZ Bank Ltd  
 HSBC Ltd

### Stock Exchange Listing

Global Health Limited shares trade on  
 the Australian Stock Exchange  
 Code: GLH  
 The home exchange is Australian Stock  
 Exchange (Melbourne) Limited



[www.global-health.com](http://www.global-health.com)



**ASX : GLH**

**ABN: 75 091 377 892**

**Global Health and Controlled Entities**

**GLOBAL HEALTH**

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