HEALTHLINX LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

ABN: 88 098 640 352

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CONTENTS

HealthLinx Limited Annual Report
ABN 88 098 640 352

CHAIRMAN'S LETTER

Dear Shareholders,

The 2013/4 financial year was a challenging year for HealthLinx Limited ("HTX" or "the Company") and one which has ultimately become transformational in its future direction.

The Company began the financial year under administration and on the 2 September 2013 the administrators of the Company executed a Deed of Company Arrangement ("DOCA"). The implementation of the DOCA proposal provided a procedure for the Company to deal with the existing creditors of the Company subject to their approval to the terms of the proposal. The key terms of the DOCA included creditors' claims against the Company being extinguished under the DOCA and those claims transferred to a creditors' trust (Creditors' Trust). As part of the Creditors' Trust the Company is required to make a payment of the sum of $250,000 to the Creditors' Trust due within 12 months of the date of the DOCA with payment secured by an interest in the existing IP of the Company.

Further key terms included the $200,000 advance from the Sponsors of the DOCA and the outstanding claims against the Company by a Secured Creditor being repaid through an issue of ordinary shares representing approx. 90% of the issued capital of the Company. This share issue was subject to shareholder approval and was obtained at the General Meeting held on 21 January 2014. The period of Administration was completed on 30 January 2014 and stewardship of the Company passed to the directors.

This step cleared a pathway for the Company to turn its focus to evaluating options available to advance HTX's existing IP portfolio as well as assessing other opportunities available by which to restore shareholder value. The board of HTX has assessed many opportunities and on 1st October 2014 the Company entered a binding terms sheet to acquire Manalto Inc., an emerging software company operating in the social media sector. The acquisition is subject to regulatory and shareholder approvals.

Manalto is an emerging software business at the forefront of the rapidly growing social media sector. Manalto has developed, and owns, software which provides an end-to-end social media management solution turning social media into an enterprise grade distribution channel for sales and marketing. The Company is delighted with this proposed transaction as growth in social media continues at compelling levels and new opportunities continue to arise in how business can reach new markets and audiences. Social media strategies are becoming a critical platform in the way businesses now promote and market themselves. These strategies are however still evolving as is the data which they generate. The Manalto software has been commercialised and has a rapidly growing client base. The software is unique in the marketplace as it allows a business with many offices each with their own social pages to be consolidated centrally. This allows head office to drive marketing messages through their social pages and govern consistency in messages and brand whilst also allowing local and regional offices to still connect to their local audience.

Furthermore the software consolidates the data and interaction generated through each of the social pages to a central dashboard providing businesses for the first time a true understanding on how their customers are reacting to the business and its promotion through social media. This data is providing valuable insight into a company's customer base which head offices have never before been able to access.

CHAIRMAN'S LETTER

The implementation of the transaction will be subject to shareholder and regulatory approvals as well as completion of a capital raising of a minimum of $4 million and up to a maximum $6 million. The parties are working with their respective advisors to complete definitive contracts and capital raising documents as well as necessary documentation to convene a shareholder meeting.

The Company will continue to update shareholders as this transaction progresses and is excited by the prospects that it brings.

Trent Telford
Chairman

19th November 2014

BOARD OF DIRECTORS

Current Directors at the date of this report are:

Trent Telford

Mr Telford is a founder and director of several successful Australian based technology companies, including Cocoon Data Limited (now listing on ASX as Covata Limited), a company he founded in Australia in 2007 that is now headquartered in Virginia, USA. Mr Telford brings over 15 years of experience in cross border capital raising and technology commercialisation.

Michael Quinert

Mr Quinert graduated with degrees in economics and law from Monash University and has over 28 years' experience as a commercial lawyer, including three years with the ASX and over 20 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues and has regularly advised publicly listed mining companies. Mr Quinert is also a principal of Halcyon Corporate Pty Ltd an investment bank based in Melbourne.

Richard Revelins

Mr Revelins has over 25 years' experience in raising capital for ASX listed companies. He is an executive director and principal of Peregrine Corporate Limited, an Australian based investment bank, managing director of Cappello Group Inc., a US based investment bank as well as being a director of other private and public companies. Mr Revelins was formerly a director of Prima Biotechnology, Select Vaccines Limited and IM Medical Limited and Secretary of Prana Biotechnology Limited, all Australian listed biotechnology companies.

Timothy Chapman

Mr Chapman is currently a principal of Halcyon Corporate Pty Ltd and has over 14 years' experience in the financial services industry. Mr Chapman has advised and worked on numerous capital raisings for public and private companies in the form of initial public offerings, reverse take-overs, private placements and right issues, as well as many mergers and acquisitions transactions. Mr Chapman has raised capital for public and private companies in a number of industries including mineral and exploration, medical devices, media and entertainment, technology and infrastructure.

STATEMENT OF CORPORATE GOVERNANCE

A review of the Company's 'Corporate Governance Framework' is performed on a periodic basis to ensure that it is relevant and effective in light of changing legal and regulatory requirements. The Board of Directors continues to adopt a set of Corporate Governance Practices and a Code of Conduct appropriate for the size, complexity and operations of the Company and its subsidiaries.

Unless otherwise stated all Policies and Charters meet the ASX Corporate Governance Council's Best Practice Recommendations.

ROLE OF THE BOARD AND MANAGEMENT

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities are detailed in its Board Charter and cover the following broad categories:

1. Leadership of the organisation
2. Strategy Formulation
3. Shareholder Liaison
4. Monitoring, compliance and risk management
5. Company finances
6. Human resources
7. Health, safety and well-being of Directors, Officers and Contractors
8. Delegation of authority
9. Remuneration policy
10. Nomination policy

STRUCTURE AND COMPOSITION OF THE BOARD

The Board has been formed so that it has an effective mix of personnel who are committed to adequately discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated on pages 12 to 13 along with the term of office held by each.

The Board believes that the interests of all Shareholders are best served by:

- Directors having the appropriate skills, experience and contacts within the Company's industry.
- The Company striving to have a number of Directors being independent as defined in the ASX Corporate Governance Guidelines.

Where any Director has a material personal interest in a matter before the board, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement is in accordance with the Corporations Act and aims to ensure that the interests of Shareholders, as a whole, are pursued and that their interest or the Director's independence is not jeopardised.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Full Board.

STATEMENT OF CORPORATE GOVERNANCE

ETHICAL AND RESPONSIBLE DECISION MAKING

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Company has a share trading policy that regulates the dealings by Directors, Officers and Consultants, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers. Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

INTEGRITY IN FINANCIAL REPORTING

In accordance with the Board's policy, the Chairman (and if possible a CFO) has made an attestation as required by Corporations Act as to the Company's financial condition prior to the Board signing this Annual Report.

Due to the size of the Board, the Board did not consider it necessary to appoint an Audit, Risk and Compliance Committee for 2014. The Board believes that this structure is optimal in the Company's current stage of development. The current directors, as at the date of this report, and their qualifications are detailed in the Directors' Profiles on pages 12 to 13.

TIMELY AND BALANCED DISCLOSURE

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with ASX Listing Rules, the Company immediately notifies the ASX of information concerning the Company:

1. That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and,
2. That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

RIGHTS OF SHAREHOLDERS

The Company respects the rights of its Shareholders, and to facilitate the effective exercise of the rights, the Company is committed to:

1. Communicating effectively with Shareholders through ongoing releases to the market via ASX information and General Meetings of the Company;
2. Giving Shareholders ready access to balanced and understandable information about the Company and corporate proposals.

The external Auditor is required to attend the Annual General Meeting and be available to answer Shareholder's questions about the conduct of the audit, and the preparation and content of the Auditor's Report. Any Shareholder wishing to make inquiries of the Company is advised to contact the registered office. All public announcements made by the Company can be obtained from the ASX's website www.asx.com.au.

STATEMENT OF CORPORATE GOVERNANCE

RECOGNISE AND MANAGE RISK

The board has an established a policy for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Committee and the Board on a periodical basis.

The Chairman has given a statement to the Board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and controls based on the Company's Risk Management policies.

REMUNERATE FAIRLY AND RESPONSIBLY

The Board of Directors is responsible for but not limited to:

- setting the remuneration and conditions of service of all Executive and Non-Executive Directors, Officers and Employees of the Company;
- approving the design of Executive and Employee incentive plans (including equity-based plans) and proposed payments or awards under such plans;
- reviewing performance hurdles associated with incentive plans;
- making recommendations to the Board on the remuneration of Non-Executive Directors within the aggregate approved by Shareholders at General Meetings from time to time;
- consulting appropriately qualified Consultants for advice on remuneration and other conditions of service;
- succession planning for the General Manager and Senior Management;
- performance assessment of the Managing Director and Senior Executives Officers; recommending policy on the selection of Board Members; and,
- recommending prospective Board Members to the Full Board of the Company.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Management may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

Current remuneration is disclosed in Note 17: Key Management Personnel Compensation.

LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board acknowledges the legitimate interests of various stakeholders such as Employees, Clients, Customers, Government Authorities, Creditors and the Community as a whole. As a good Corporate Citizen, it encourages compliance and commitment to appropriate corporate practices that are fair and ethical.

DIVERSITY

The Company's objective is to have a workforce that is representative of the countries and communities in which it operates. Our workforce is employed based on the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

The Company is committed to increasing diversity amongst its employees, consultants and advisors. Management and board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. It is also committed to identifying suitable persons within the organisation and where appropriate opportunities exist, advance diversity and to support promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that all categories of diversity are equally as important within its organisation.

The Company employed Nil employees at the end of 30 June 2014 (2013: Nil).

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of HealthLinx Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2014.

1. General information

(a) Directors

The following persons were Directors of HealthLinx Limited at any time during, or since the end of, the year:

Mal Lucas-Smith (appointed 1 January 2013, resigned 6 September 2013)
Trent Telford (appointed 21 March 2013)
Richard Revelins (appointed 21 March 2013)
Michael Quinert (appointed 6 September 2013)
Timothy Chapman (appointed 16 September 2014)

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

(b) Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Mr Trent Telford

- On 6 September 2013, Mal Lucas-Smith resigned as secretary and Mr Trent Telford was appointed as Secretary.

(c) Principal Activities

The principal activities of the Group during the financial year were:

- maintaining and securing patents for Ovplex™ and IgY; and
- reviewing opportunities to pursue possible acquisitions as a means of reinvigorating the Company

There have been no significant changes in the nature of the Group's principal activities during the financial year.

2. Business Review

(a) Operating Results

The consolidated loss of the Group after providing for income tax amounted to $270,682 (2013: loss of $3,952,613).

(b) Review of Operations and Significant Changes in State of Affairs

During the year, the Company:

Implemented arrangements as provided for in the Deed of Company Arrangement (DOCA) which was signed on 2 September 2013. The key features of the DOCA are as follows:

- The participating creditors' claims against the Company were extinguished under the DOCA and such claims transferred to a creditors' trust (Creditors' Trust) which was established within 5 days of the date of the Meeting.
- The $200,000 advance from the Sponsors and the outstanding claims against the Company from Gleneagle Securities Nominees Pty Ltd [ACN 150 259 877] (Secured Creditor) were repaid through an issue of ordinary shares in the Company which shares were to represented approximately 90% of the issued capital of the Company. The issue of these shares was the

subject of the shareholder approvals which were obtained at the Company's General Meeting on 21 January 2014.

- The release of the Secured Creditor's registered security interest created by a General Security Deed executed on, or about, 2 May 2013 (First Ranking Security) upon completion of the repayment of the Secured Creditor through the issue of the shares referred to above. This was approved by shareholders at the Company's 2013 annual General Meeting on 21 January 2014.
- The Company will be required to make a payment of the sum of $250,000 to the Creditors' Trust now due within 14 months of the date of the DOCA. The payment due from the Company to the Creditors' Trust is secured by a specific security interest in all of the Company's intellectual property (Creditors' Trust Security).
- Provided that all the assets of the Company, including but not limited to, licences, intellectual property, goodwill, trademarks, patents, grant entitlements and all other assets be retained by the Company.
- Mr Trent Telford and Mr Richard Revelins (Directors), waived all claims they had to unpaid Director fees or entitlements and reimbursements for expenses up to the date of the DOCA.
- The period of Administration was completed on 30 January 2014.
- On 13th November 2014, the Company paid the sum of $250,000 owing to the Creditors' Trust.

In addition the Company reviewed various opportunities to pursue by which to reinvigorate the Company. On 1st October 2014 the Company entered a binding Terms Sheet to acquire all the issued capital of Manalto Inc. Manalto Inc. is an emerging software company operating in the social media sector. The acquisition is subject to regulatory and shareholder approvals. Details of the proposed acquisition of Manalto Inc. were contained in a release to the ASX dated 1 October 2014.

(c) Dividends

No dividends were paid or declared since the start of the financial year (2013: no dividends).

3. Other items

(a) Events Subsequent to Reporting Date

Refer to section 2(b) of the Directors' Report for further details.

(b) Future Developments

The Company is focussed on completing the proposed acquisition of Manalto Inc. as announced on 1 October 2014.

(c) Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

(d) Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Grant Thornton) for audit services provided during the year are set out below. There were no non-audit services provided during the year.

The following fees were paid/payable to the external auditors during the year ended 30 June 2014:

	2014 $	2013 $
Amounts paid/payable to Grant Thornton		
Audit Pty Ltd		
Audit and other assurance services		
- Auditing or reviewing the financial report	42,743	42,500
Total paid or payable	42,743	42,500

(e) Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 as required by Section 307C of the *Corporations Act 2001* has been received and can be found on Page 64 of the financial report.

4. Director Information

(a) Information on Directors to the year ended 30 June 2014

Trent Telford	**Director (Independent) (appointed 21 March 2013)**
Experience	Mr Telford is a founder and director of several successful Australian based technology companies, including Cocoon Data Limited, a company he founded in Australia in 2007 that is now headquartered in Virginia, USA. Mr Telford brings over 15 years of experience in cross border capital raising and technology commercialisation.
Interest in Shares and Options	2,506,700
Directorships held in other listed entities in the last 3 years	None
Richard Revelins	**Director (Independent) (appointed 21 March 2013)**
Experience	Mr Revelins has over 25 years experience in raising capital for ASX listed companies. He is an executive director and principal of Peregrine Corporate Limited, an Australian based investment bank, managing director of Cappello Group Inc., a US based investment bank as well as being a director of other private and public companies. Mr Revelins was formerly a director of Prima Biotechnology, Select Vaccines Limited and IM Medical Limited and Secretary of Prana Biotechnology Limited, all Australian listed biotechnology companies.
Interest in Shares and Options	1,166,700
Directorships held in other listed entities in the last 3 years	Mining Projects Group Limited
Mal Lucas-Smith	**Director (Independent) (appointed 1 January 2013, resigned 6 September 2013)**
Experience	Mr Mal Lucas-Smith, aged 69, has had over 40 years experience in finance, executive and non-executive management, property development, corporate secretarial and administrative services. During that period he spent 12 years with State Bank of New South Wales and 18 years with Australian Guarantee Corporation Limited. He left AGC of his own accord in September 1987 to form a corporate services business and has since worked within and consulted to the corporate, finance, property development, trust management and hospitality sectors. He provides corporate secretarial services to HealthLinx Limited, MediVac Limited, Earth Heat Resources Limited, and Centrebet International Limited plus several unlisted companies.
Interest in Shares and Options	None
Directorships held in other listed entities in the last 3 years	Rampart Energy Limited (12/06/2013 – current)
Michael Quinert	**Director (Independent) (appointed 6 September 2013)**
Experience	Mr Quinert graduated with degrees in economics and law from Monash University and has over 28 years experience as a commercial lawyer, including three years with the ASX and over 20 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues and has regularly advised publicly listed mining companies. Mr Quinert is also a principal of Halcyon Corporate Pty Ltd an investment bank based in Melbourne.

Interest in Shares and Options	700,000
Directorships held in other listed entities in the last 3 years	West Wits Mining Limited

Timothy Chapman	**Director, Independent (appointed 16 September 2014)**
Experience	Mr Chapman is currently a principal of Halcyon Corporate Pty Ltd and has over 14 years' experience in the financial services industry. Mr Chapman has advised and worked on numerous capital raisings for public and private companies in the form of initial public offerings, reverse take-overs, private placements and right issues, as well as many mergers and acquisitions transactions. Mr Chapman has raised capital for public and private companies in a number of industries including mineral and exploration, medical devices, media and entertainment, technology and infrastructure.
Interest in Shares and Options	700,000
Directorships held in other listed entities in the last 3 years	None

(b) Meetings of Directors

During the financial year, attendances by each Director at Directors' Meetings were as follows:

	Directors' Meetings	
	Eligible to attend	**Number attended**
Trent Telford	16	15
Richard Revelins	16	10
Mal Lucas-Smith	0	0
Michael Quinert	16	13

The Audit and Risk Management Committee

Due to the number of directors on the Board, and the size of the Company, the consolidated entity did not consider it necessary to appoint an audit and risk committee for the year ended 30 June 2014.

5. Remuneration Report (Audited)

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

(a) Principles used to determine the nature and amount of remuneration
(b) Details of remuneration
(c) Service agreements
(d) Share-based compensation
(e) Additional information.

The following persons were Directors and key management personnel in office at any time during the financial year:

Director	Position
Mal Lucas-Smith	Director (Independent) (appointed 1 January 2013, resigned 6 September 2013)
Trent Telford	Director (Independent) (appointed 21 March 2013)
Richard Revelins	Director (Independent) (appointed 21 March 2013)
Michael Quinert	Director (Independent) (appointed 6 September 2013)
Timothy Chapman	Director (Independent) (appointed 16 September 2014)

(a) Principles Used to Determine the Nature and Amount of Remuneration

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

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

There is no relationship between Board policy and HealthLinx Ltd's performance for the previous five years.

In consultation with biotech industry surveys on executive remuneration the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

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

Alignment to program participants' interests:

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

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Non-Executive Directors

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. The Board also consults biotech industry surveys to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive Directors do on occasions receive share options. Non-executive Directors may opt each year to receive a percentage of their remuneration in HealthLinx Limited shares, which would be acquired on-market.

Directors' Fees

The current base remuneration was last reviewed with effect from 12 June 2007. The Chairman's remuneration is inclusive of committee fees, and non-executive Directors who chair a committee also do not receive additional yearly fees for such roles. Additional fees are payable to Directors for their membership on subsidiary boards (currently there are no subsidiary Boards).

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders.

Executive Pay

The executive pay and reward framework has four components:

- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the HealthLinx Limited's Employee Option Plan, and
- Other remuneration such as superannuation.

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

Base Pay

Base pay is structured as a 'total employment cost' package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion, subject to Group guidelines.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Biotech industry remuneration surveys provide analysis to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed – generally annually – to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executives' contracts.

Benefits

Some Executives receive benefits consisting of car allowances.

Retirement Benefits

Retirement benefits are paid into each executive's nominated superannuation fund.

Short-term Incentives

If an employee (other than senior Executives) achieves pre-determined milestones set by the board or if an extraordinary individual achievement is made, a general bonus payment of up to 5% of gross annual remuneration is available to all such employees during the annual review.

In respect of the senior Executives, each year key performance indicators (KPIs) are set. The Remuneration Committee sets the KPIs for the senior management and the senior management sets the KPIs for the other staff. The KPIs generally include measures relating to the Group and the individual, and include financial, scientific, strategy, and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year, the Remuneration Committee assesses the actual performance of the Group and the individual against the KPIs set at the beginning of the financial year. Minimum sales targets are compared with actual product sales, and the terms achieved in respect of additional strategic agreements are compared with the Board's desired terms. A percentage of the pre-determined maximum is awarded depending on results. No bonus is awarded where performance falls below the minimum.

The cash incentive to be paid to the individuals is subject to approval by the Board. The method of assessment was chosen as it provides the Committee with an objective assessment of the individuals' performances.

Other than Directors, the Company did not employ any staff at 30 June 2014.

Long-Term Incentive: HealthLinx Ltd Employee Option Plan

Information on the HealthLinx Limited Option Plan is set out on Pages 18 – 20.

(b) Details of Remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of HealthLinx Limited and the HealthLinx Group are set out in the following tables. The key management personnel of HealthLinx Limited and the Group include the Directors as listed earlier in this Report, the General Manager, Chief Scientific Officer and the Finance Manager.

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed *Short-Term Incentives* above. All other elements of remuneration are not directly related to performance. No long service leave has been paid during the year.

Remuneration for each Director & Key Management Personnel Of the Consolidated Entity During the Year

2014	Short Term Employee Benefits	Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Short Term Incentives	Equity settled share based payments		Total	Proportion of Remuneration that is Performance Based	% Value of Remunerat' ion that Consists of Options
	Salary and Fees $	Long Service Leave Accrd $	Superannuation Contribution $	Cash $	Cash Bonuses $	Shares $	Options $	$		
Directors										
Mal Lucas-Smith	-	-	-	-	-	-	-	-	-	-
Trent Telford	50,000	-	-	-	-	-	-	50,000	-	-
Richard Revelins	33,333	-	-	-	-	-	-	33,333	-	-
Michael Quinert	33,333	-	-	-	-	-	-	33,333	-	-
Total Director remuneration	116,666	-	-	-	-	-	-	116,666	-	-

Remuneration for each Director & Key Management Personnel Of the Consolidated Entity and the Parent Entity During the Prior Year

2013	Short Term Employee Benefits	Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Short Term Incentives	Equity settled share based payments		Total	Proportion of Remuneration that is Performance Based	% Value of Remunerat' ion that Consists of Options
	Salary and Fees $	Long Service Leave Accrd $	Superannuation Contribution $	Cash $	Cash Bonuses $	Shares $	Options $	$		
Directors										
Nick Gatsios	100,548	-	1,890	-	-	-	-	102,438	-	-
Gregory Rice	37,999	-	2,730	-	-	-	-	40,729	-	-
Mal Lucas-Smith	52,881	-	-	-	-	-	-	52,881	-	-
John Evans	18,000	-	1,620	-	-	-	-	19,620	-	-
Trent Telford	-	-	-	-	-	-	-	-	-	-
Richard Revelins	-	-	-	-	-	-	-	-	-	-
Total Director remuneration	209,428	-	6,240	-	-	-	-	215,668	-	-
Other Key Management Personnel										
Vanessa Waddell	68,756	-	-	-	-	-	-	68,756	-	-
Dominic Autelitano	118,861	-	5,690	36,472	-	-	-	161,023	-	-
Jennifer Edwards	35,170	-	-	-	-	-	-	35,170	-	-
Sub-total other key management personnel	222,787	-	5,690	36,472	-	-	-	264,949	-	-

(c) Share Based Compensation

Shares Issued as Remuneration

There were no shares issued as remuneration in 2014.

The number of shares held by each Director during the financial year are set out below.

2014	Balance 01/07/2013	Received as Remuneration	Exercise of Options	Net Change Other**	Balance 30/06/2014
Directors					
Trent Telford	-	-	-	2,506,700	2,506,700
Richard Revelins	-	-	-	1,166,700	1,166,700
Mal Lucas-Smith	1,472	-	-	(1,472)	-
Michael Quinert	-	-	-	700,000	700,000
Total	1,472	-	-	4,371,928	4,373,4

** The 'Net Change Other' column above includes those shares that have been either sold or purchased by holders.

Employee Share Option Plan

The Group has established the HealthLinx Limited Employee Share Option Plan (ESOP) to assist in the attraction, retention and motivation of employees of the Group. A summary of the Rules of the Plan is set out below.

- All staff who have been continuously employed by the Group for a period of at least one year are eligible to participate in the plan, although the Board may waive the one-year minimum requirement.
- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period to be determined by the Board, during which time the options may not be exercised.
- Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares either (in the discretion of the Board) at the time the Board resolves to offer those options or at the time of vesting. The total number of shares subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.
- Shares or Options received under the Employee Share Option Plan are received for past service.

In November 2010, the Group established a second Employee Share Option Plan ("the non-discriminatory ESOP"), to cater for issues of options on a non-discriminatory basis to all qualifying employees, to reflect the latest changes in associated taxation legislation. A summary of the Rules of the non-discriminatory ESOP is set out below.

- Options, if granted, must be granted to a minimum of 75% of all permanent employees who have been continuously employed by the Group for a period of at least three years, although the Board may waive the three-year minimum requirement.

- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period to be determined by the Board, during which time the options may not be exercised. The default period is 3 years, or until the person ceases employment.

- Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, taking into account the market value of the Company's shares at the time the Board resolves to offer those options, and any other matters the Board considers relevant. The total number of shares the subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital.

- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.

- Option holders may only participate in new issues of securities by first exercising their options.

The terms and conditions of each grant of options affecting remuneration in the consolidated entity and the parent entity during the period as set out below. No amounts were paid or payable in respect of options issued.

The board does not have a specific policy in relation to people limiting their exposure risk related to share based payments. There is a trading policy where directors and staff communicate their intent to purchase or sell securities to both the Company Secretary and Chairman.

During the year, no options were issued to directors or key management personnel.

Shares provided on exercise of remuneration options

No options were exercised during 2014.

The number of options held by each Director during the financial year are set out below.

2014

	Balance 01/07/2013	Received as Remuneration	Net Change Other**	Balance 30/06/2014
Directors				
Trent Telford	-	-	-	-
Richard Revelins	-	-	-	-
Michael Quinert	-	-	-	-
Mal Lucas-Smith	-	-	-	-
Total	-	-	-	-

Other Payments Made to the Directors

A Director, Michael Quinert, is the partner of a legal firm Quinert Rodda & Associates. During the year Quinert Rodda & Associates provided legal advisory service to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Statement of Financial Performance as operating expense of the Group.

The Directors waived their claims on outstanding fees payable by the Group until the upcoming deals with Manalto Inc. is finalised. A short term provision for the contingent amount was recognised in the statement of Financial Position.

Aggregate amounts of each of the above types of other transactions with key management personnel:

Amounts recognised as expense:

	Consolidated	
	2014 $	2013 $
Consulting & Professional Fees	56,066	-
Total	**56,066**	**-**

Amounts recognised as liabilities

	Consolidated	
	2014 $	2013 $
Accrued Expenses	25,000	-
Trade Payables	24,750	-
Short Term Provision	57,917	-
Total	**107,667**	**-**

This marks the end of the audited Remuneration Report.

6. Indemnification of Officers

During the financial year, HealthLinx Limited had a policy that continued to the period of Administration, Directors had not renewed the policy to insure the Directors, Officers, and Company Secretary of the Group post this period.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of its controlled entities against a liability incurred as such an officer or auditor.

7. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

8. Options

(a) At the date of this report, the unissued ordinary shares of HealthLinx Limited under unlisted options are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
9 June 2011	8 December 2014	29.65	491
29 June 2011	29 December 2014	19.40	4,000
12 July 2011	12 January 2015	19.90	700
15 July 2011	15 January 2015	18.35	6,179
26 July 2011	26 January 2015	19.40	5,000
1 August 2011	1 February 2015	15.00	6,179
18 August 2011	18 February 2015	15.00	4,845
2 September 2011	2 March 2015	13.50	3,104
19 September 2011	19 March 2015	12.00	6,179
10 October 2011	10 April 2015	12.50	7,919
19 October 2011	19 April 2015	9.50	900
4 November 2011	4 May 2015	9.00	10,000
22 November 2011	22 May 2015	9.00	6,750
12 December 2011	12 June 2015	6.00	3,550
31 October 2012	30 April 2016	1.50	10,000
Total			**75,796**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Signed in accordance with a resolution of the Board of Directors:

Director – Tim Chapman

Director – Michael Quinert

Dated 19th November 2014

FINANCIAL STATEMENTS

Financial Statements Contents | Page

The financial statements are presented for the consolidated entity consisting of HealthLinx Limited and its subsidiaries. In accordance with changes to the *Corporations Act 2001*, information in relation to the parent entity is now presented in Note 26 rather than throughout the financial statements. The financial statements are presented in the Australian currency.

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

Its registered office and principal place of business of the Company is:

HealthLinx Limited
Level 6
50 Queen Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on Pages 9 - 10, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 19th November 2014. The Company has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	5	7,192	34,721
Other income	5	57,542	15,772
Total revenue and other income	5	64,734	50,493
Employee benefits expense		(116,667)	(256,845)
Depreciation, amortisation and impairments	6(a)	-	(3,232,792)
Scientific consumables		-	(10,844)
Consulting and professional fees		(224,185)	(348,098)
Other expenses		(81,586)	(559,231)
Finance expense	6(b)	(5,973)	(7,980)
Loss before income tax	6	(363,677)	(4,365,297)
Income tax benefit	7	92,995	412,684
Net loss for the period		(270,682)	(3,952,613)
Total comprehensive income/(loss) for the period		(270,682)	(3,952,613)
Basic and diluted loss per share			
(cents per share) from continuing operations:			
Overall operations	20	(0.0219)	(0.006)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Consolidated 2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	8	174,681	1,643
Trade and other receivables	9	35,193	10,759
Total current assets		209,874	12,402
Non-current assets			
Intangible assets	10	100	100
Total non-current assets		100	100
TOTAL ASSETS		209,974	12,502
LIABILITIES			
Current liabilities			
Trade and other payables	11	435,340	527,907
Short-term borrowings	12	-	134,696
Short-term provisions	13	57,917	29,732
Total current liabilities		493,257	692,335
TOTAL LIABILITIES		493,257	692,335
NET ASSETS		(283,283)	(679,833)
EQUITY			
Equity attributable to owners of the parent:			
Contributed equity	14	16,360,833	15,693,601
Reserves – Share option reserve	16	403,204	403,204
Accumulated losses	15	(17,047,320)	(16,776,638)
TOTAL EQUITY		(283,283)	(679,833)

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

30 June 2014	Note	Contributed Equity $	Share Option Reserve $	Accumulated Losses $	Total $
		Consolidated			
Balance at 1 July 2013		**15,693,601**	**403,204**	**(16,776,638)**	**(679,833)**
Losses for the year		-	-	(270,682)	(270,682)
Total comprehensive income/(loss) for the year		-	-	(270,682)	(270,682)
Contributions of equity, net of transaction costs	14	667,232	-	-	667,232
Transactions with equity holders in their capacity as equity holders		667,232	-	-	667,232
Balance at 30 June 2014		**16,360,833**	**403,204**	**(17,047,320)**	**(283,283)**

30 June 2013	Note	Contributed Equity $	Share Option Reserve $	Accumulated Losses $	Total $
		Consolidated			
Balance at 1 July 2012		**14,832,516**	**403,204**	**(12,824,025)**	**2,411,695**
Losses for the year		-	-	(3,952,613)	(3,952,613)
Total comprehensive income/(loss) for the year		-	-	(3,952,613)	(3,952,613)
Contributions of equity, net of transaction costs	14	861,085	-	-	861,085
Transactions with equity holders in their capacity as equity holders		861,085	-	-	861,085
Balance at 30 June 2013		**15,693,601**	**403,204**	**(16,776,638)**	**(679,833)**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Cash flows from operating activities:			
Receipts from customers including GST		5,518	50,591
Payments to suppliers and employees including GST		(452,447)	(1,110,060)
Research & development tax concessions received		-	400,721
Interest received		409	379
Interest paid		-	(2,784)
Income taxes received/(paid)		92,995	-
Net cash provided by (used in) operating activities	22(a)	**(353,525)**	**(661,153)**
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		-	12,415
Receipt of government grants		-	50,000
Payments for intangibles		-	(143,791)
Net cash provided by (used in) investing activities		**-**	**(81,376)**
Cash flows from financing activities:			
Proceeds from issue of share capital		530,000	550,370
Proceeds from borrowings		-	70,000
Payment of share issue costs		(3,437)	-
Net cash provided by financing activities		**526,563**	**620,370**
Net increase (decreases) in cash held		173,038	(122,159)
Cash at beginning of financial year		1,643	123,802
Cash at end of financial year	**8**	**174,681**	**1,643**

The accompanying notes form part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Pursuant to changes to the *Corporations Act 2001*, the financial statements presented are only for the consolidated entity consisting of HealthLinx Limited and its subsidiaries. Disclosures required in relation to the parent entity are presented in Note 26.

(a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian interpretations), other authoritative pronouncements adopted by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS

The consolidated financial statements and notes of HealthLinx Limited comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates

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

(b) Going Concern

The Group has experienced operating losses of $270,682 and net cash outflows from operating activities of $353,525, and has a deficiency in net assets of $283,283. On 6 May 2013 the Directors of Healthlinx appointed David Ross and Shanon Thompson of Hall Chadwick as external administrators to manage and run the Company.

Resulting from the period of Administration, the Deed of Company Arrangement (DOCA) was signed on 2 September 2013. The key features of the DOCA are as follows:

- The participating creditors' claims against the Company were to be extinguished under the DOCA and such claims transferred to a creditors' trust (Creditors' Trust) which was established within 5 days of the date of the Meeting.
- The $200,000 advance from the Sponsors and the outstanding claims against the Company from Gleneagle Securities Nominees Pty Ltd [ACN 150 259 877] (Secured Creditor) were repaid through an issue of ordinary shares in the Company which shares were to represent approximately 75% of the issued capital of the Company. The issue of these shares was the subject of shareholder approvals which were approved at the Company's 2013 Annual General Meeting on 21 January 2014.

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies (Continued)

(b) Going Concern (Continued)

- The release of the Secured Creditor's registered security interest created by a General Security Deed executed on, or about, 2 May 2013 (First Ranking Security) upon completion of the repayment of the Secured Creditor through the issue of the shares referred to above. This was approved by shareholders at the Company's 2013 Annual General Meeting on 21 January 2014.
- The Company will be required to make a payment of the sum of $250,000 to the Creditors' Trust due within 12 months of the date of the DOCA. The payment due from the Company to the Creditors' Trust is secured by a specific security interest in all of the Company's intellectual property (Creditors' Trust Security).
- Provides that all the assets of the Company, including but not limited to, licences, intellectual property, goodwill, trademarks, patents, grant entitlements and all other assets be retained by the Company; and,
- Mr Trent Telford and Mr Richard Revelins (Directors), waive all claims they had to unpaid Director fees or entitlements and reimbursements for expenses up to the date of the DOCA.
- The period of Administration was completed on 30 January 2014.

Significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- On 1st October 2014 the Company entered a binding Terms Sheet to acquire all the issued capital of Manalto Inc. Manalto Inc. is an emerging software company operating in the social media sector. The acquisition is subject to regulatory and shareholder approvals. Details of the proposed acquisition of Manalto Inc. were contained in a release to the ASX dated 1 October 2014.
- On 13th November 2014, the Company paid the sum of $250,000 owing to the Creditors' Trust.
- The Directors waived their claims on outstanding fees payable by the Group until the upcoming deal with Manalto Inc. is finalised.
- Historical attempts by the Group to raise further equity funding or other sources of finance have generally been successful, and the Group continues to investigate a number of potential alternative sources of long term funding.

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of HealthLinx Limited ("Company" or "parent entity") as at 30 June 2014 and the results of all subsidiaries for the year then ended. HealthLinx Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

The Parent controls a subsidiary if it exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through is power over the subsidiary. All subsidiaries have been reported as at 30 June

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies (Continued)

(c) Principles of Consolidation (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in profit or loss and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the parent entity disclosures of HealthLinx Limited in Note 26.

(d) Segment Reporting

The Group determines and presents operating segments based on the information that is internally provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are regularly reviewed by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include revenue and expense items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not allocated to operating segments. Other unallocated items comprise mainly head office and Group-wide expenses, and income tax amounts.

(e) Foreign Currency Translation

The functional and presentation currency of HealthLinx Limited and its Australian subsidiaries is Australian dollars (A$).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Foreign currency gains and losses are reported on a net basis.

1. Statement of Significant Accounting Policies (Continued)

(f) Financial Instruments

(i) Non-Derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets at Fair Value through Profit or Loss

At 30 June 2014, the Group does not hold any financial assets at fair value through profit or loss.

Held-to-Maturity Investments

If the Group has positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (refer to Note 1(o)).

Cash and cash equivalents comprise cash balances and at-call deposits with original maturities of three months or less (refer to Note 1(p)).

Available-For-Sale Financial Assets

As at 30 June 2014, the Group does not hold any available-for-sale financial assets. Any such assets subsequently acquired would, subsequent to initial recognition, be measured at fair value and changes therein, other than impairment losses (see Note 1(f)(vi)) and foreign exchange gains and losses on available-for-sale monetary items (see Note 1(e)) would be recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity would be transferred to profit or loss.

(ii) Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. Statement of Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

The Group has (or has had during the reporting period) the following non-derivative financial liabilities: trade and other payables. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(iv) Derivative Financial Instruments

As at 30 June 2014, the Group did not hold any derivative financial instruments.

(v) Compound Financial Instruments

Compound financial instruments consist of convertible notes that can be converted to share capital at the option of the holder. Upon conversion of the convertible notes, the number of shares to be issued does vary with changes in their fair value.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Subsequent to initial recognition, the liability component of this compound financial instrument is measured at amortised cost using the effective interest method. Any equity component of this compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders will be recognised against equity, net of any tax benefit.

(vi) Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has occurred after the initial recognition of the asset, and that the loss event had had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

1. Statement of Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If applicable, interest on an impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(g) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment losses on goodwill cannot be reversed.

Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. 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.

1. Statement of Significant Accounting Policies (Continued)

(h) Impairment of Non-Financial Assets

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

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(i) Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid in the establishment of loan facilities, which are not incremental costs relating to the draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Finance expenses comprise interest expense on borrowings including convertible notes, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

In respect of borrowing costs relating to qualifying assets, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(j) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

1. Statement of Significant Accounting Policies (Continued)

(k) Employee Benefits

Wages & Salaries, Annual Leave & Sick Leave

Liabilities for wages and salaries, including non monetary benefits, are recognised in other payables, and for annual leave and accumulating sick leave expected to be settled within 12 months in provisions, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, on an undiscounted basis.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share Based Payments

Share based compensation benefits are provided to employees via the employee share option scheme. Information relating to this scheme is set out in Note 21.

The fair value of options granted under the employee share option scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of option grants for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of grants that do not meet the related service and non-market performance conditions at the vesting date. For grants with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Profit Sharing & Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies (Continued)

(l) Employee Benefits (Continued)

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(m) Share-Based Payments

The Group measures the goods and services received by equity-settled share-based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. On grant date the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments granted do not vest until the counterparty completes a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

For the Group's policy on share based payments to employees, please refer to Note 1(k).

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, volume rebates, and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue from services performed is recognised when the service is provided.

Royalty revenue, in relation to sales of the Group's OvPlex™ products by its distribution partners, is recognised when due and receivable in accordance with the Distribution Agreement entered into with the distribution partner.

Revenue from sale of Group's OvPlex™ products is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

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 over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are reflected as a reduction in the cost of acquiring or developing the asset.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies (Continued)

(o) 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. A provision for impairment of trade receivables is established 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 provision 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.

(p) Cash and Cash Equivalents

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss in other expenses.

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Goods & Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

(s) Earnings per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Earnings Per Share

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

NOTES TO FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies (Continued)

(t) 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 and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

From time to time, the Group receives Research and Development grant from the government. This amount is reported as a credit in the income tax expense account.

Tax Consolidation Legislation

HealthLinx Limited and its wholly-owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. HealthLinx Limited is the head entity in the tax consolidated group. The separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly-owned subsidiaries that form part of the tax consolidated group.

HealthLinx Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

1. Statement of Significant Accounting Policies (Continued)

(u) Leases

At the inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(v) New Accounting Standards & AASB Interpretations adopted

New standards, amendments to Standards and Interpretations which have been recently issued or amended but are not yet effective have not been applied to the financial statements for the current period. None of these are expected to have a significant effect on the entity's financial position or performance.

2. Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Refer also to Note 1(b) in relation to the adoption of the 'going concern' basis of accounting in the financial statements.

Income Taxes

The Group is subject to income taxes in Australia. The Group has not recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to Note 7 for further detail.

Carrying Value Of Goodwill

Goodwill of $1,887,220 was recognised in 2006 on the reverse acquisition of Theros Diagnostics Pty Ltd. AASB 136 *Impairment of Assets* requires goodwill to be tested for impairment annually.

AASB 136 defines the recoverable amount of an asset or group of assets as the higher of its fair value less costs to sell and value in use. Value in use is the present value of the future cash flows.

As the Company was in administration due a shortage of available cash and realisable assets at 30 June 2013, the Directors have resolved to impair the goodwill to $Nil as discussed in Note 1(b).

2. Critical Accounting Estimates & Judgements (Continued)

Impairment Of Intellectual Property

In 2007, the Directors reduced the value of CR001 to $1 from a book value of $471,000 as it is no longer a core activity for the Company. This will be held in reserve as a future asset to be developed at a later date. They, however, still believe that value can be extracted from this asset and have chosen to maintain the prosecution of these patents in US, Canada, Australia & NZ, whilst a suitable collaborator is identified and secured to partner its future development.

Due to the continued delay in securing a partner to develop IP derived from the Cryptomics Platform and the ongoing cost of prosecuting certain patents associated with that platform, the Company has decided to allow these patents to lapse and hence has also impaired these assets to a value of $1.00. Although the directors have considered it appropriate to record an impairment writedown on these assets, the Company is still pursuing commercialisation of the IP generated from the Dairy Australia project. The two discoveries, Bone Health and Adipogenesis (Fat Control) are being offered to commercial parties to in license for development.

Impairment of Research and Development

During 2013, the Directors have impaired the value of its Ovplex asset to $100 from a book value of $1,219,233. While Directors still believe that value can be extracted from this asset and the patents have been renewed for these assets, as the Company has been unable to obtain suitable funding or partnerships to commercialise the product it is unable to determine a reliable fair value or forecast suitable cash flows. The Company is currently analysing possibilities to either further develop or realise the asset.

3. Financial Risk Management

Overview

The Company and the Group have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and,
- market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

3. Financial Risk Management (Continued)

Overview (Continued)

Risk management policies are established to identify and analyse the risks affecting the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through training and management standards and procedures appropriate for a small organisation, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. Being a relatively small organisation, there is no formal Internal Audit function.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying Amount	
	Note	2014	2013
		$	$
Cash & Cash Equivalents	8	174,681	1,643
Trade & Other Receivables	9	35,193	735
Total		209,874	2,378

The Group's maximum exposure to credit risk for Trade Receivables at the reporting date was $2,000 (2013: $735).

Trade and Other Receivables

The Group has a credit policy under which potential new customers are analysed individually for creditworthiness before payment terms are offered. As the Group's revenue has been derived principally from arrangements under pre-agreed contractual terms, credit limits are not considered relevant. If payment is not received within agreed credit terms, services or availability of licensed technology may be suspended pending clearance of the outstanding balance.

More than 75% of the Group's operating revenue is from customers that have been transacting with the Group for two or more years, and losses have rarely if ever been experienced. In monitoring credit risk, each customer is assessed individually rather than grouping customers according to credit characteristics, because the Group deals with only a small number of customers. The Board of Directors reviews and approves the terms of new service contracts entered into with customers, including credit terms granted.

3. Financial Risk Management (Continued)

Overview (Continued)

Guarantees
Neither the Company nor the Group has provided financial guarantees to any third party.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

On 6 May 2013 the Company entered Voluntary Administration through the appointment of Hall Chadwick as external Administrators. The details of the appointment and subsequent Deed of Company Arrangement is contained in Note 1(b).

The following are the contractual maturities of financial liabilities, including estimated interest payments, for the Group:

30 June 2014

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 2 years **$**	2 - 5 years **$**	More than 5 years **$**
Non-Derivative Financial Liabilities							
Trade and other payables	(435,340)	(435,340)	(435,340)	-	-	-	-
Loan	-	-	-	-	-	-	-
Total	(435,340)	(435,340)	(435,340)	-	-	-	-

30 June 2013

	Carrying Amount $	Contract C/Flows $	6 months or less $	6 -12 months $	1 - 2 years **$**	2 - 5 years **$**	More than 5 years **$**
Non-Derivative Financial Liabilities							
Trade and other payables	(527,887)	(527,887)	(527,887)	-	-	-	-
Loan	(134,696)	(168,370)	-	(168,370)	-	-	-
Total	(662,583)	(696,257)	(527,887)	(168,370)	-	-	-

3. Financial Risk Management (Continued)

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is not exposed to material levels of market risk. The Group has a minor exposure to currency risk in relation to purchases that are denominated in a currency other than Australian dollars. However, such purchases represent only a very small proportion of total Group expenses and entry into hedging activity in relation to such purchases is considered to be not warranted on a cost-benefit analysis.

The Group also has only a minor exposure to interest rate risk. Interest on credit card facilities is at a variable interest rate. Interest expense on these facilities is minor. Interest on the Convertible Note facilities was at a fixed rate and hence not subject to market risk.

Exposure to Currency Risk

The Group's exposure (shown as Asset/(Liability) and Revenue/(Expense)) to foreign currency risk at reporting date was as follows, based on notional amounts (all amounts are shown as AUD equivalents, with column headings denoting the invoice-denominated currency):

30 June 2014	EUR	SGD	GBP	USD
Trade and other payables	-	-	-	-
Trade and other receivables	-	-	-	-
Gross Balance Sheet exposure	-	-	-	-
Estimated forecast sales	-	-	-	-
Estimated forecast purchases	-	-	-	-
Gross profit or loss exposure	-	-	-	-
Net Exposure	-	-	-	-

30 June 2013	EUR	SGD	GBP	USD
Trade and other payables	-	-	(62,934)	-
Trade and other receivables	-	-	-	-
Gross Balance Sheet exposure	-	-	(62,934)	-
Estimated forecast sales	-	5,000	-	-
Estimated forecast purchases	-	-	-	-
Gross profit or loss exposure	-	5,000	-	-
Net Exposure	-	5,000	(62,934)	-

3. Financial Risk Management (Continued)

Exposure to Currency Risk (Continued)

The following significant exchange rates applied during the year:

	Average Rate		Reporting Date Spot Rate	
AUD	**2014**	**2013**	**2014**	**2013**
GBP	0.5875	0.6683	0.5737	0.6039
USD		-		-
EUR		-		-
SGD		-		-

Sensitivity Analysis

As at reporting date, the Group is not aware of any market circumstances that would lead to a material risk of the Australian dollar varying by more than 10 percent from the levels inherent in the financial report. A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Consolidated	
	Equity A$	Profit or Loss A$
30 June 2014		
GBP	-	-
30 June 2013		
GBP	3,801	3,801

A 10 per cent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

3. Financial Risk Management (Continued)

Interest Rate Risk

Profile

At the reporting date, the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying Amount	
	2014	2013
	$	$
Fixed Rate Instruments		
Short term borrowings	-	(134,696)
Variable Rate Instruments		
Financial liabilities	-	-
Cash	174,681	1,643

Fair Value Sensitivity for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, nor does it have any derivatives designated as hedging instruments under a fair value hedge accounting model. Therefore a fair value change in interest rates at the reporting date would not affect profit or loss.

3. Financial Risk Management (Continued)

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2014		30 June 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated				
Trade and other receivables	35,193	35,193	10,759	10,759
Cash and cash equivalents	174,681	174,681	1,683	1,683
Convertible notes	-	-	-	-
Trade and other payables	(435,340)	(435,340)	(527,907)	(527,907)
Total	(225,466)	(225,466)	(515,465)	(515,465)

Fair value of all financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For convertible notes, the market rate of interest is determined by reference to likely rates available on similar debt financing facilities, having regard to market conditions and the Group's credit status.

Fair Value Hierarchy

The Group does not have any financial instruments for which a fair value has had to be determined using a valuation method with inputs such as market data or other observable inputs.

Capital Management

There were no changes to the Group's approach to capital management during the year before entering into administration on 6 May 2013. On exiting administration and successful effectuation of the Deed of Company Arrangement the board will develop a capital risk management policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

	Consolidated	
	2014 $	2013 $
Total liabilities	493,257	692,335
Less: Cash and cash equivalents	(174,681)	(1,643)
Net debt	318,576	690,692
Total equity	(283,283)	(679,833)
Debt-to-adjusted-capital ratio at 30 June	(112.46%)	(101.6%)

4. Operating Segments

Under AASB 8 *Operating Segments*, segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions).

The Group is not currently trading and are assessing opportunities available by which to restore shareholder value. Currently, there are no identifiable business segment.

5. Revenue and Other Income

	Consolidated	
	2014 $	2013 $
Revenue from operating activities		
Product sales and royalty revenue	6,783	34,342
Interest received	409	379
Total operating revenue	7,192	34,721
Other income		
Debt forgiveness*	57,542	15,772
Total other income	57,542	15,772
Total revenue and other income	64,734	50,493

* As per Note 1 (b) Creditors' claims against the company under the terms of the DOCA were transferred to a creditors' trust. Other income has been recognised to write down liability to the agreed amount of $250,000, net of costs. (Gross $227,042, less costs: $169,500)

NOTES TO FINANCIAL STATEMENTS

6. Loss From Continuing Activities

(a) Loss before income tax includes the following specific expenses:

	Consolidated	
	2014 $	2013 $
Rental expense on operating leases		
minimum lease payments	22,750	41,179
Total rental expense on operating leases	22,750	41,179
Defined contribution plan superannuation contributions	-	15,328
Depreciation and amortisation		
Scientific equipment depreciation	-	8,496
Office equipment depreciation	-	588
Computer hardware depreciation	-	506
Computer software depreciation	-	6,823
Leasehold improvements depreciation	-	113
Less Depreciation capitalised as development costs	-	(3,168)
Impairment of fixed assets	-	28,260
Intangible assets amortisation and impairment	-	1,273,078
Impairment of goodwill	-	1,918,096
Total depreciation, amortisation and impairments	-	3,232,792

(b) Finance Income and Expense

Recognised in Profit or Loss:	Consolidated	
	2014 $	2013 $
Interest income on bank deposits	409	379
Finance Income	409	379
Interest expense on bank accounts		-
Interest expense on convertible notes	(5,973)	(7,980)
Finance Expense	(5,973)	(7,980)
Net Finance Income/(Expense)	(5,564)	(7,601)

No Finance Income or Expense was recognised directly in equity (2013: Nil).

NOTES TO FINANCIAL STATEMENTS

7. Taxation

(a) The components of tax benefit comprise:

	Note	Consolidated 2014 $	Consolidated 2013 $
Current Tax		92,995	400,721
Deferred Tax	16	-	11,963
Total		92,995	412,684

(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated 2014 $	Consolidated 2013 $
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)		
- Consolidated entity	109,103	1,309,589
Adjusting for the tax effect of:		
- Deferred tax asset of tax loss and temporary differences not brought to account	(109,103)	(496,184)
- R&D grant received	92,995	(400,721)
Income tax benefit attributable to entity	92,995	412,684

(c) Deferred tax assets

Deferred tax assets not brought to account are set out below.

	Consolidated 2014 $	Consolidated 2013 $
- Temporary differences	77,917	135,657
- Tax losses:		
- operating losses*	18,009,581	17,617,363
Total	18,087,498	17,753,020
Potential tax benefit @ 30%	5,426,249	5,325,906

*Inclusive of adjusted tax losses.

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2014, because the Directors do not believe that it is appropriate to regard realisation of the future income tax benefits as probable, and future benefits attributable to net temporary differences have not been brought to account, as the Directors do not regard the realisation of such benefits as probable.

7. Taxation (Continued)

This benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(b) the Company complies with the conditions for deductibility imposed by the tax legislation; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit from deductions for the losses.

In addition, the availability of tax losses is subject to the Group successfully establishing deductibility, and in particular, satisfying either the continuity of ownership test or the same business test at the future time at which losses are sought to be recouped.

8. Cash & Cash Equivalents

	Consolidated	
	2014 $	2013 $
Cash on hand	-	-
Cash at bank	174,681	1,643
Short-term bank deposits	-	-
Total	174,681	1,643

Cash at bank and on hand

Cash at bank in 2014 is non-interest bearing (2013: between 0.02% and 3.65%).

9. Trade & Other Receivables

	Consolidated	
	2014 $	2013 $
CURRENT		
Trade receivables	-	735
Allowance for doubtful debts	-	-
		735
Prepayments	-	-
Goods and services tax (receivable)	33,193	10,024
Other Receivables	2,000	
Total	35,193	10,759

Impaired receivables

At 30 June 2014 there were no bad or doubtful debts.

Effective interest rates and credit risk

There is no effective interest rate on receivables.

10. Intangible Assets

Goodwill and capitalised development costs related to OvPlex and IGY totalling $3,137,329 have been written off during the previous reporting period.

While Directors still believe that value can be extracted from this asset and the patents have been renewed for these assets, as the Company has been unable to obtain suitable funding or partnerships to commercialise the product it is unable to determine a reliable fair value or forecast suitable cash flows. The Company is currently analysing possibilities to either further develop or realise the asset.

	Consolidated	
	2014 $	2013 $
Goodwill		
Cost	1,887,220	1,887,220
Accumulated impairment losses	(1,887,220)	(1,887,220)
Net carrying value	-	-
Intellectual property		
Cost	759,000	778,285
Accumulated amortisation and impairment	(759,000)	(778,285)
Net carrying value	-	-
Capitalised development costs		
Cost	1,574,429	1,574,429
Accumulated amortisation and impairment	(1,574,329)	(1,574,329)
Net carrying value	100	100
Total Intangibles	100	100

The intellectual property and capitalised development costs have been pledged as security for the Gleneagles Security.

(a) Reconciliation Detailed Table

Consolidated

	Intellectual Property $	Goodwill $	Capitalised Devt Costs $	Total $
Year ended 30 June 2013				
Opening balance	41,876	1,887,220	1,165,219	3,094,315
Additions	-	-	96,959	96,959
Impairment charges	(30,876)	(1,887,220)	(1,219,233)	(3,137,329)
Amortisation	(11,000)	-	(42,845)	(53,845)
Balance at 30 June 2013	-	-	100	100
Year ended 30 June 2014				
Opening balance	-	-	100	100
Balance at 30 June 2014	-	-	100	100

NOTES TO FINANCIAL STATEMENTS

11. Trade & Other Payables

	Consolidated 2014 $	2013 $
CURRENT		
Unsecured Liabilities		
Trade payables and accrued expenses	185,320	527,887
Creditors' Trust	250,000	-
Goods and services tax payable	20	20
Total	435,340	527,907

Payables are non-interest bearing and are payable within one year.

12. Short term borrowings

	Consolidated 2014 $	2013 $
CURRENT		
Secured Liabilities		
Loan*	-	134,696
Total	-	134,696

* As per the term of the DOCA, the outstanding claims against the Company from Gleneagle Securities Nominees Pty Ltd [ACN 150 259 877] (Secured Creditor) were repaid through an issue of ordinary shares in the Company. The issue of these shares was the subject of shareholder approvals which were approved at the Company's 2013 Annual General Meeting on 21 January 2014.

13. Short-Term Provisions

	Consolidated 2014 $	2013 $
Employee entitlements	-	29,732
Directors fees*	57,917	-
	57,917	29,732

* The payment of director fees have been deferred until the acquisition of Manalto Inc. has been completed successfully.

14. Share Capital

	Consolidated 2014 $	Consolidated 2013 $
Opening contributed equity	15,693,601	14,832,516
Shares issued during the year for cash	530,000	-
Shares issued on conversion of Convertible Notes	-	861,085
Shares issued on conversion of secured loan	140,669	-
Share issue expenses	(3,437)	-
Total	16,360,833	15,693,601

(a) Share Capital - Parent Entity

	Parent Ordinary Shares 2014 Number	Parent Ordinary Shares 2013 Number
On issue at 1 July	1,938,138	760,209
Issued for cash	25,833,338	-
Issued on conversion of Convertible Notes	-	1,177,929
On issue at 30 June	27,771,476	1,938,138

Number of shares issued has been adjusted for 1:500 shares consolidation completed during the financial year.

14. Share Capital (Continued)

(b) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. At shareholder meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

All ordinary shares issued are fully paid.

(c) Issuance of Ordinary Shares

Details in relation to shares issued pursuant to conversion of loans are set out in Note 12.

(d) Listed Options

Listed Options at 30 June 2013	29,500
Total options issued during the period	Nil
Total options lapsed / forfeited during the period	29,500
Less options exercised during the period	Nil
Total listed options at 30 June 2014	Nil

(e) Unlisted Options

Information relating to unlisted options, including those issued pursuant to the HealthLinx Employee Share Option Plan, showing details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out on the following table.

Unlisted Options at 30 June 2013	90,795

Total options expired / lapsed during the period

Issue Date	Date of Expiry	Exercise Price	Number of. Option
3 February 2010	2 August 2013	50.45	278
4 March 2010	4 September 2013	65.3	316
1 April 2010	1 October 2013	94.9	293
5 May 2010	5 November 2013	92.85	293
3 June 2010	31 December 2013	75	9000
7 June 2010	7 December 2013	67.8	319
30 June 2010	30 December 2013	67.8	220
2 July 2010	30 January 2014	53.95	279
2 August 2010	28 February 2014	46.45	475
13 October 2010	29 April 2014	45.1	441
2 November 2010	30 May 2014	49.15	409
1 December 2010	30 June 2014	50.9	404

Total unlisted options expired / lapsed during the period	12,727
Total unlisted options at 30 June 2014	78,068

15. Accumulated Losses

	Consolidated 2014 $	Consolidated 2013 $
Accumulated losses at the beginning of the financial year	(16,776,638)	(12,824,025)
Net loss for the period	(270,682)	(3,952,613)
Accumulated losses at the end of the financial year	(17,047,320)	(16,776,638)

16. Share Option Reserve

	Consolidated 2014 $	Consolidated 2013 $
Balance at 1 July	403,204	403,204
Option expense	-	-
Balance at 30 June	403,204	403,204

The reserve records funds set aside to recognise the fair value of options issued but not exercised.

17. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated 2014 $	Consolidated 2013 $
Short term employee benefits	116,666	432,217
Long term employee benefits	-	-
Post - employment benefits	-	11,930
Short-term incentives	-	-
Share-based payments	-	-
Termination benefits	-	36,472
Total	116,666	480,619

(b) Loans to key management personnel

No loans were made to any Directors of HealthLinx Limited or to any other key management personnel (or their related parties) of the Group during the year.

17. Key Management Personnel Disclosures (continued)

(c) Other transactions with key management personnel

A Director, Michael Quinert, is the partner of a legal firm Quinert Rodda & Associates. During the year Quinert Rodda & Associates provided legal advisory service to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Statement of Financial Performance as operating expense of the Group.

The Directors waived their claims on outstanding fees payable by the Group until the upcoming deals with Manalto Inc. is finalised. A short term provision for the contingent amount was recognised in the statement of Financial Position.

Aggregate amounts of each of the above types of other transactions with key management personnel:

Amounts recognised as expense:

	Consolidated	
	2014 $	2013 $
Consulting & Professional Fees	56,066	-
Total	**56,066**	**-**

Amounts recognised as liabilities

	Consolidated	
	2014 $	2013 $
Accrued Expenses	25,000	-
Trade Payables	24,750	-
Short Term Provision	57,917	-
Total	**107,667**	**-**

18. Auditors' Remuneration

	Consolidated 2014 $	Consolidated 2013 $
Amounts paid/payable to Grant Thornton Audit Pty Ltd	-	-
Audit and other assurance services	-	-
- Auditing or reviewing the financial report	42,743	42,500
Total paid or payable	42,743	42,500

19. Related Party Transactions

(a) Parent Entity

The parent entity within the Group is HealthLinx Limited.

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 17.

(c) Outstanding balances arising from sales / purchases of goods and services

There were no balances outstanding at the reporting date in relation to transactions with related parties, other than as disclosed in relation to Key Management Personnel in Note 17.

20. Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

	Consolidated 2014 $	Consolidated 2013 $
Loss for the year	(270,682)	(3,952,613)
Earnings used in calculation of basic and diluted EPS	(270,682)	(3,952,613)

(b) Weighted average number of ordinary shares (diluted):

	Consolidated 2014	Consolidated 2013
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	12,354,787	1,427,517
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	12,354,787	1,427,517

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS. There are 75,796 ordinary shares that could potentially dilute basic earnings per share in the future.

21. Share - Based Payments

(a) Employee Option Plan

The Group has established the HealthLinx Limited Employee Share Option Plan (ESOP) to assist in the attraction, retention and motivation of employees of the Group. A summary of the Rules of the Plan is set out below.

- All staff who have been continuously employed by the Group for a period of at least one year are eligible to participate in the plan, although the Board may waive the one-year minimum requirement.
- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period to be determined by the Board, during which time the options may not be exercised.
- Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares either (in the discretion of the Board) at the time the Board resolves to offer those options or at the time of vesting. The total number of shares subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.
- Shares or Options received under the Employee Share Option Plan are received for past service.

In November 2010, the Group established a second Employee Share Option Plan ("the non-discriminatory ESOP"), to cater for issues of options on a non-discriminatory basis to all qualifying employees, to reflect the latest changes in associated taxation legislation. A summary of the Rules of the non-discriminatory ESOP is set out below.

- Options, if granted, must be granted to a minimum of 75% of all permanent employees who have been continuously employed by the Group for a period of at least three years, although the Board may waive the three-year minimum requirement.
- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period to be determined by the Board, during which time the options may not be exercised. The default period is 3 years, or until the person ceases employment.
- Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, taking into account the market value of the Company's shares at the time the Board resolves to offer those options, and any other matters the Board considers relevant. The total number of shares the subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

NOTES TO FINANCIAL STATEMENTS

21. Share-Based Payments (Continued)

(a) Employee Option Plan (Continued)

Fair value of options granted

There were no options granted during the year ended 30 June 2014.

Set out below are the summaries of options granted under the plan as at 30 June 2013

Grant Date	Expiry Date	Exercise Price	Balance **01/07/2012**	Granted As **Remun**	Exercised	Forfeited	Balance **30/06/2013**	Vested & Exercisable
12 Sep 2005	30 Jun 2015	875	4	-	-	4	-	-
12 Sep 2005	31 Jul 2015	875	480	-	-	480	-	-
15 Jan 2006	31 Dec 2015	875	25	-	-	24.552	-	-
1 Feb 2007	31 Jan 2014	150	160	-	-	160	-	-
1 Jun 2007	31 May 2014	150	24	-	-	24	-	-
30 Jun 2007	30 Jun 2014	150	44	-	-	44	-	-
14 Aug 2007	31 Mar 2014	150	100	-	-	100	-	-
11 Jan 2008	7 Nov 2014	150	400	-	-	400	-	-
14 Feb 2008	14 Feb 2015	375	80	-	-	80	-	-
14 Feb 2008	14 Feb 2015	500	80	-	-	80	-	-
1 Dec 2008	30 Nov 2015	55	800	-	-	800	-	-
2 Dec 2009	2 Dec 2013	60	800	-	-	800	-	-
17 Dec 2009	17 Dec 2013	60	260	-	-	260	-	-
18 Mar 2010	31 Mar 2014	85	400	-	-	400	-	-
1 July 2010	30 June 2015	100	800	-	-	800	-	-
23 Dec 2010	24 Jan 2014	75	60	-	-	60	-	-
23 Jan 2011	31 Jan 2014	75	360	-	-	360	-	-
21 July 2011	30 June 2015	125	800	-	-	800	-	-
19 Jan 2012	19 Jan 2019	15	1200	-	-	1200	-	-
Total			6,877	-	-	6,877	-	-
Weighted Average Exercise Price			144.78	-	-	144.78	-	-

(b) Equity instruments granted for services rendered

During the year, equity instruments were issued for services rendered in relation to capital raising. The details are set out below:

	Consolidated 2014 $	2013 $
Fair value of shares granted as commitment fee for Equity line agreement	-	-
Fair value of shares issued to other service providers	-	-
Total	-	-

The fair value of the share based payments to other service providers is based on the Directors' fair value estimation of services rendered. The fair value of the other equity-based payments is based on the market value of the shares at the date of grant.

21. Share-Based Payments (Continued)

(c) Expenses arising from share - based payment transactions

Total expenses arising from share - based payment transactions recognised during the period:

	Consolidated 2014 $	2013 $
Shares issued for other services rendered	-	-
Options issued under employee option plan	-	-
Total	-	-

22. Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax

	Consolidated 2014 $	2013 $
Net loss for the period	(270,682)	(3,952,613)
Non-cash flows in profit		
Amortisation	-	53,845
Depreciation	-	16,526
Impairment of intangibles	-	3,137,329
Impairment of fixed assets	-	28,260
Share options expensed	-	-
Loss on derivative	-	19,919
Unrealised loss on exchange variances	-	6,447
Capitalised interest and default charges	-	64,696
Interest expense converted into share capital	5,973	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	-	
(Increase)/decrease in trade and term receivables	(24,434)	6,506
Increase/(decrease) in trade payables and accruals	(92,567)	(68,364)
Increase/(decrease) in deferred taxes payable	-	(11,963)
(Increase)/decrease in other current assets	-	68,774
Increase/(decrease) in provisions	28,185	(30,515)
Cash flow from operations	(353,525)	(661,153)

(b) Non-cash investing activities

There were no non-cash investing activities during the year ended 30 June 2014 (2013: Nil).

(c) Non-cash financing activities

There were no non-cash investing activities during the year ended 30 June 2014 (2013: Nil).

23. Capital & Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated 2014 $	Consolidated 2013 $
Payable - minimum lease payments		
- not later than 12 months	-	-
- between 12 months and 5 years	-	-
Total	-	-

The operating lease for the year end 30 June 2012 was for the rental of laboratory and office space. At 30 June 2013, there were no operating leases contracted for.

(b) Capital commitments

There were no capital commitments at 30 June 2014 (2013: Nil).

(c) Termination commitments

The service contracts of key management personnel include benefits payable on termination of the employees' contracts in certain circumstances. Refer to section (c) of the Remuneration Report on Page 14.

24. Contingent Liabilities and Contingent Assets

There were no commitments or contingent liabilities which required disclosure in the annual financial report other than the short term provision related to Directors fees payable disclosed in the Statement of Financial Position. Refer to Note 13 for further information.

25. Events Subsequent to Reporting Date

The Company reviewed various opportunities to pursue possible opportunities to reinvigorate the Company. On 1st October 2014 the Company entered a binding Terms Sheet to acquire all the issued capital of Manalto Inc. Manalto Inc. is an emerging software company operating in the social media sector. The acquisition is subject to regulatory and shareholder approvals. Details of the proposed acquisition of Manalto Inc. were contained in a release to the ASX dated 1 October 2014.

On 13th November 2014, the Company paid the sum of $250,000 owing to the Creditors' Trust.

NOTES TO FINANCIAL STATEMENTS

26. Parent Entity Disclosures

The following details information related to the parent entity, HealthLinx Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 $	2013 $
Current assets	209,874	12,402
Non-current assets	104	104
Total assets	209,978	12,506
Current liabilities	493,257	692,339
Non-current liabilities	-	-
Total Liabilities	493,257	692,339
Contributed equity	27,946,256	27,279,024
Accumulated losses	(28,743,324)	(28,472,643)
Option reserve	463,786	463,786
Other reserve	50,000	50,000
Total equity	(283,283)	(679,833)
Loss for the year	(270,682)	(2,035,480)
Other comprehensive loss for the year		-
Total comprehensive loss for the year	(270,682)	(2,035,480)

The parent Company has not guaranteed any loans of the Group.

Contingent liabilities are detailed in Note 24 as at 30 June 2014.

As detailed in Note 23(b), there are no capital commitments at 30 June 2014.

27. Company Details

The Registered Office and principal place of business of the company is:

HealthLinx Limited
Level 6
50 Queen Street
Melbourne VIC 3000

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on Pages 23 to 62 are in accordance with the *Corporations Act 2001,* including:

   (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

3. the audited remuneration disclosures set out in Sections 5(a) to 5(e) of the Directors Report (as part of the Remuneration Report), for the year ended 30 June 2014, comply with Section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*; and

4. the notes to the financial statements include an explicit and unreserved statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chairman and Director required by section 295A of the *Corporations Act 2001.*

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

Tim Chapman	Michael Quinert
Director	Director
Melbourne	Melbourne

19th November 2014

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration
To the Directors of HealthLinx Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of HealthLinx Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Matthew Hingeley
Partner - Audit & Assurance

Melbourne, 19 November 2014

Grant Thornton Audit Pty Ltd
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Independent Auditor's Report
To the Members of HealthLinx Limited

Report on the financial report

We have audited the accompanying financial report of HealthLinx Limited (the "Entity"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Entity and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of HealthLinx Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualification to the audit opinion expressed above, we draw attention to Note 1(b) to the financial report. Note 1(b) indicates the entity indicates that the consolidated entity incurred a net loss of $270,682 during the year ended 30 June 2014 and, as of that date, the consolidated entity has net liabilities of $283,283 (or cash outflows from operating and investing activities equated to $353,525). These conditions, along with other matters as set forth in the Notes, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages 14 to 20 of the directors' report for the year ended 30 June 2014. The Directors of the Entity are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of HealthLinx Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Matthew Hingeley
Partner - Audit & Assurance

Melbourne, 19 November 2014

ASX OTHER REQUIRED INFORMATION

HEALTHLINX LIMITED

OTHER REQUIRED INFORMATION

RANGE OF SHARES ISSUED - AS AT 30 June 2014

Currently there are 27,771,476 shares held by 1,435 shareholders.

Range	Holders
1 - 1,000	1,146
1,001 - 5,000	187
5,001 - 10,000	48
10,001 – 100,000	37
100,001 - over	17
Total	1,435

Less than marketable parcel of shares	1,418

TOP 20 SHAREHOLDERS

	Number Of Shares	Held %
Gleneagle Securities Nominees Pty Ltd	9,266,449	33.37%
Cope St Pty Ltd	2,506,700	9.03%
Queensland MM Pty Ltd <QMM Super Fund A/C>	2,506,600	9.03%
Chifley Portfolios Pty Ltd	1,810,000	6.52%
LSAF Holdings Pty Ltd <Owen Family A/C>	1,810,000	6.52%
Eyeon 2 Pty Ltd	1,666,667	6.00%
Darontack Pty Ltd	1,166,700	4.20%
Austin 4 Pty Ltd <R & S Towner Family A/C>	800,000	2.88%
John Carthew William Burston <Burston Family A/C>	720,000	2.59%
HSBC Custody Nominees Australia Pty Ltd	720,000	2.59%
Egavas Consulting Services P/L <Vj & Kms Superannuation A/C>	700,000	2.52%
Inverness Capital Pty Ltd <Match Partners Invest A/C>	700,000	2.52%
Kastin Pty Ltd	700,000	2.52%
Exit Out Pty Ltd <The Discretionary A/C>	400,700	1.44%
Lampam Pty Ltd	200,000	0.72%
Mr Nabil Luyer	164,000	0.59%
HSBC Custody Nominees (Australia) Limited	119,520	0.43%
Mr John Carthew William Burston <Burston Family A/C>	80,000	0.29%
Mr Boonsri Pewkliang & Mrs Katima Pewkliang <The B Pewkliang Fam A/C>	57,911	0.21%
La Jolla Cove Investors Inc	48,654	0.18%
Top 20 Total	26,143,901	94.14%
Total Remaining Holder Balance	1,627,575	5.86%

Voting Rights
Shareholders are entitled to one vote for each share held. On a show of hands every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

CORPORATE DIRECTORY

DIRECTORS

Trent Telford
Richard Revelins
Michael Quinert
Tim Chapman

COMPANY SECRETARY

Trent Telford

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BUSINESS OFFICE

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PATENT ATTORNEY TO THE COMPANY

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1 Little Collins Street
Melbourne VIC 3000
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Facsimile (03) 9254 2770

SOLICITORS TO THE COMPANY

Quinert Rodda
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Melbourne VIC 3000
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SHARE REGISTRY

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