



# Manalto Limited Annual Financial Statements

MTL.ASX

Manalto Limited  
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The financial statements are presented for the consolidated entity consisting of Manalto 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 23 rather than throughout the financial statements. The financial statements are presented in the United States currency.

Manalto Limited is a company limited by shares, incorporated in Australia and domiciled in the United States of America.

The registered office and principle place of business of the Company is:

**Level 6**  
**50 Queen Street**  
**MELBOURNE VIC 3000**  
**Australia**

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on Pages 6 - 20, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 30 September 2015. 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.

## CHAIRMAN AND CEO'S LETTER

Dear Shareholder,

The opportunity for Manalto to solidify its market position as a leading technology provider to support enterprise in capitalizing on social media is as strong today than ever.

As a relatively new entrant to the US market, introducing the brand and solution in early 2014, the Company has matured considerably during the year, making significant strides to build upon its market position and the distribution and commercialisation of its technology.

The Healthlinx reverse takeover transaction on 11 March 2015 was notably a key highlight for the Company. The transaction attracted a stronger than anticipated level of interest in the Company and its product offering, which subsequently resulted with an oversubscription. While preparation for the transaction required a proportion of resources to be redirected to transaction-associated activities during the preceding months, the year closed out with the achievement of a number of key milestones, details of which are included below. Importantly, the success of the transaction projected Manalto into a new phase within its lifecycle and enabled the Company to expedite planned activity and direct the use of raised funds toward the distribution and commercialisation of the social media management software.

Of particular note for shareholders, Manalto successfully launched its global third party distribution channel, representing a significant, strategic move by the Company to extend the market reach of its technology, and to build a solid indirect sales channel to deliver shareholder returns. The Company also launched Sóshlr - a new purpose-built resale product designed for small to medium sized businesses, and successfully integrated Sóshlr into Odin, a leading global cloud-partner distribution channel. Odin delivers software from small and local host companies to some of the world's largest telecommunication companies, targeting an estimated addressable market of over 10 million small and medium sized businesses worldwide.

The Company has seen a substantial maturing of the market throughout the year, demonstrated through the expansion of in-house digital marketing teams to address the growing importance of social media which is a pleasing validation that there continues to be an upward lift by enterprise in both, considering how they manage social media as well as an increased level of interest in solutions, such as Manalto. While the sales pipeline is growing, the sales cycle has extended over the past year resulting in a slower than anticipated conversion rate. One of the key causes to which the board and management attribute this change, is the notable increase in the level of rigor applied by an enterprise to the evaluation and procurement of a social media management solution.

The Company's propensity to achieve wider distribution of the technology and the desired level of market traction, via dependency upon a single sales channel was evaluated, as was the Company's capacity to be optimally agile, responsive and adaptable to the priorities of the market moving forward. It is these reasons, primarily, which underpinned key operational changes within the business during the year, to ensure that Manalto is positioned for success and to build value for the shareholder over the forthcoming year.

### **We broadened our distribution**

A key highlight for the post transaction period (March-June 2015) has been the Company's accelerated move to build a solid multi-channel sales and distribution channel for its technology. In a first-to-market strategic move, Manalto integrated its new Sóshlr product as the first social media management tool available through the Odin Automation for the hosting and reseller channel enabled for distribution alongside other vendors, including Microsoft, box.net, Symantec, IBM and CloudFlare.

Manalto also announced a partnership with Blacknight Internet Solutions Ltd ("Blacknight"), Ireland's largest domain registrar and hosting company, to distribute Sóshlr to its client base comprising approximately 120,000 small to medium sized enterprises (SMEs). The Company has established an active pipeline of additional web hosts and service providers comprising an estimated total addressable number of units of 3.7m (as at end June 2015) and will continue to identify opportunities for further integrations with key additional cloud partners, service providers, and proprietary platforms, including App Direct and WHMCS.

### **We advanced our technology**

Manalto provides a problem solving technology for enterprise, at scale. The core capability and level of scalability, to the best of our knowledge, remains a differentiated offering within the market. The solution continues to receive positive feedback from customers and the market and has been included in a number of industry reports on social media management solutions available to enterprise, alongside other established market providers.

Manalto enhanced its technology stack and infrastructure focusing on security, scalability and monitoring. Additional security protocols were implemented to secure the application against potential threats. Changes to the cloud hosting services, data caching and data architecture optimised scaling capacity, while real time monitoring of service consumption, analytics and server load were deployed giving much greater transparency to the inner performance of the platform.

Manalto continued to innovate and develop its core product offering with the release of version 4 in March 2015. This upgrade delivered a number of feature enhancements providing increased management and campaign functionality for organisations to achieve efficiencies in managing an expansive social media presence with alignment to their internal marketing frameworks. More importantly, it shifted the platform to a more efficient architecture underpinning additional integrations with strategic partners and third party vendors. Version 4 also allowed for the rapid development of the Sóshlr product.

### **We refined our operations**

The reverse takeover enabled Manalto to considerably uplift its capability and capacity across the technology, sales and marketing functions to allow the business to expedite planned activity. Additionally, the Company appointed two key hires including: Chief Financial Officer, responsible for all financial aspects of the business and strategy, covering both Australia and the USA; and, Vice President, Global Cloud Partners, responsible for building Manalto's cloud partner channel to accelerate business growth via APS hosting platforms including our fully integrated Odin channel and third party software resellers.

The Company consolidated its operations during the year, which saw the relocation of its Head Office to Reston, Virginia, and the subsequent closure of the Los Angeles office. A capability review and realignment of resources during the year has enabled improved team collaboration and greater resource mobility to the strategic priorities of the business.

Manalto also strengthened its Industry Advisory Board during the year, now comprising four members, each with a distinguished level of industry-specific intelligence and expertise, and recognised as industry leaders. The Industry Advisory Board performs an integral role in both an advocacy and think-tank capacity to contribute to shaping Manalto's strategic developments.

### **We strengthened our market position**

Since the company's entry to the US market in early 2014, Manalto has gained steady traction in awareness as a provider of a solid product offering which directly addresses enterprise-recognised challenges in managing social media, particularly across decentralised operations. During the past year, Manalto sustained its focus on identifying and building strategic partnerships with a number of organisations to advocate, promote and distribute the Manalto enterprise solution. Manalto has continued its program of marketing activity to strengthen brand visibility and industry level engagement.

In particular, Manalto announced a technical integration partnership with Adstream – an agreement that represents a significant growth opportunity for the Company. Adstream is the world's leading advertising digital asset management, workflow, and cross-media delivery provider, and the agreement enables Adstream customers the ability to distribute content across selected social media platforms, via the Manalto Social Media Management technology, accessed directly from the Adstream platform.

The Company's strategic foray into the web hosting and service provider market delivers a significant growth opportunity for Manalto. The business completed a significant program of work to support the development of our third party distribution channel, which included the market intelligence, and product development underpinning Sóshlr, and the development of a suite of core product and marketing information to support the growth of the reseller network.

Manalto continued its marketing initiatives within our launch sector, the US franchise industry, throughout the year to support our goal of positioning the Company as a key provider of social media management solutions, via targeted initiatives and events to build engagement, to demonstrate industry commitment and to enable maximum visibility of brand. The Company also commenced a program of work to evaluate and enter additional sectors, including but not limited to, automotive, entertainment and retail. It has established both an initial brand presence and industry network within these sectors and will continue its strategic focus to build market traction for its enterprise solution over the forthcoming year.

We are pleased with the accomplishments of the year and while the Company has not reached its planned forecasts, the Board and Management is confident that the changes spanning technology, operations and distribution that have been introduced throughout the year position the Company for success over the forthcoming year.

It is an exciting time for the business as Manalto continues to elevate its market position as a key social media management solution provider. The Company has been propelled into a new competitive arena with its successful launch of a second distribution channel, delivering the opportunity for greater reach and business growth across small and medium, and enterprise customers.

On behalf of the Board of Manalto Limited, thank you for your continued support.



**David Fletcher**  
Chairman



**Anthony Owen**  
Founder & Chief Executive Officer

# 1. DIRECTOR AND REMUNERATION REPORT

## CURRENT DIRECTORS AT THE DATE OF THIS REPORT

### **Chairman David Fletcher**

Mr Fletcher has over 30 years' experience in business development, elevating operational efficiencies, improving commercial performance and providing strategic advice to Australian and international companies in the retail, FMCG and finance sectors. Organisations included Coca Cola Amatil, Woolworths & Westpac. He has been the CFO in a number of ASX listed, public unlisted and private companies as well.

### **Founder & CEO Anthony Owen**

Mr Owen is the founder of Manalto with 20 years' experience in digital and social media. His experience includes media agency environments, direct-to-market and senior sales management and strategic commercial partnership roles. His track record in establishing & building successful sales management capability across many organisations including, OzEmail, BMC Media, Softbank, Sensis, and Groupon.

### **Chris Adams Director**

Mr Adams is an internationally recognised digital strategist, advisor and technology executive. Mr Adams created and produced the reality TV series 'Facebook Diaries' for Facebook, and served as Chief Vision Officer and SVP of Business Development for Participant Media. Mr Adams served in executive roles with Facebook and Amazon.

### **Michael Quinert Director**

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 principal of Henslow Pty Ltd an investment bank based in Melbourne, and a partner at Quinert Rodda, a law firm in Melbourne.

### **Kristian Blaszczyński Director**

Mr Blaszczyński is a Director & co-founder of Raven Capital a leading Australian asset manager. He has over a decade of funds management, venture capital and corporate experience, acting as portfolio manager for a number of wholesale funds, charitable foundations and ultra-high net wealth individuals and families. Kristian is a board member Manalto Limited and Noveda Technologies Inc. (New Jersey).

### **Joseph Miller Director**

Joseph Miller has been a Managing Director at Europlay Capital Advisors, LLC and its subsidiaries ("ECA") since 2003. ECA is a Los Angeles-based boutique merchant bank and financial advisory firm that invests in, and provides services to companies in the technology, media, telecom, life sciences and consumer sectors. ECA's investments have included such notable companies as Skype, Rdio, FlashFunders, FanDuel, and Red Bull Global Rallycross. Mr. Miller currently serves on the boards of several companies including Covata (ASX: CVT), Manalto, FlashFunders and Red Bull Global Rallycross. In the past, he has also served on the boards of Talon International, Multigig, and Unicorn Media as well as on the Compensation and Audit Committees of Skype Global, prior to its sale to Microsoft.

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.

## **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **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:

- Leadership of the organisation
- Strategy Formulation
- Shareholder Liaison
- Monitoring, compliance and risk management
- Company finances
- Human resources
- Health, safety and well-being of Directors, Officers and Contractors
- Delegation of authority
- Remuneration policy
- Nomination policy

### **BOARD APPOINTMENTS**

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

### **COMPANY SECRETARY**

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board on governance matters, monitoring that Board policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

### **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.

### **BOARD AND KMP PERFORMANCE REVIEW**

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted an informal self-evaluation process to measure its own performance. The performance of the Board



and individual directors is reviewed by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company. Performance reviews involve analysis based on key performance indicators aligned with the financial and non-financial objectives of the Company. Due to the restructure of the Company and the appointment of a new Board in March 2015, a Board performance review did not occur during the 2015 financial year. The Board intends to conduct a Board performance review during the 2016 financial year.

The Board conducts performance reviews of the Chief Executive Officer and any other key management personnel (KMP). The Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. A performance review of current KMP did not occur during the 2015 financial year as current KMP were appointed to the Company in March 2015, the Board intends to conduct a formal performance review of KMP during the 2016 financial year.

## **INDEPENDENT ADVICE**

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.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

### **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.

The Board assesses whether a director is independent in accordance with the ASX Corporate Governance Council's independence guidelines. The Board currently consists of six directors of which three are considered to be independent. David Fletcher (Chairman), Kristian Blaszczyński and Chris Adams (and former director Trent Telford) are all considered to be independent directors.

The Board considers that the presence of at least three independent directors (including the Chairman) provides the Board with sufficient independent judgement.

## **NOMINATION OF DIRECTORS**

The Board is responsible for the nomination and selection of directors. Given the size of the Board and the company, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each director and the current Board, the Board will consider developing a formal Board skills matrix during the 2016 financial year.

## **INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT**

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

## **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

### **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.

### **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.

### **SHARE TRADING POLICY**

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.

## **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **AUDIT COMMITTEE**

The Board has assumed the responsibilities normally delegated to the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter. Due to the size of the Company, the Board does not believe it is necessary to establish a separate Audit and Risk Committee structure.

In fulfilling the responsibilities of the Audit and Risks Committee, the Board:

- Receives regular reports from management;
- Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
- Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit; and
- Fulfills all obligations of the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter.

### **CEO and CFO DECLARATIONS**

The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### **EXTERNAL AUDITOR**

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.



## **PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE**

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

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:

- That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and,
- 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.
- The information disclosed will be factual and presented in a clear and balanced way that allows investors to assess the impact of the information when making investment decisions.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the company;
- Giving shareholders ready access to balanced and understandable information about the company and corporate proposals; and
- Making it easy for shareholders to participate in general meetings of the company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the company. These contact details are available on Company ASX announcements.

The Company views the annual general meeting as an opportunity for shareholders to meet with and ask questions of the Board. Accordingly, all shareholders are given the opportunity to ask questions. The Company's external auditors are in attendance at the annual general meetings. All shareholders are given the opportunity to ask the Company's external auditors questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

The Board has 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.

Risk management is considered a key governance and management process. The Board ultimately determines the company's risk profile and is responsible for approving and overseeing the company's risk management policy and internal compliance and control systems. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework occurred during the year.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Due to the size of the Board and the Company, the Board has not established a separate Remuneration Committee.

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

- 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 Senior Executive Officers;
- 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 remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders. Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

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.

Details of the amount of remuneration, and all monetary and non-monetary components, for directors and key management personnel are included in the directors' report.

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Manalto Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2015.

## General information

### 1. Directors

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

- David Fletcher (*appointed 11 March 2015*)
- Anthony Owen (*appointed 11 March 2015*)
- Kristian Blaszczyński (*appointed 11 March 2015*)
- Joseph Miller (*appointed 11 March 2015*)
- Michael Quinert (*appointed 6 September 2013*)
- Chris Adams (*appointed 24 July 2015*)
- Trent Telford (*appointed 21 March 2014, resigned 24 July 2015*)
- Richard Revelins (*appointed 21 March 2014, resigned 11 March 2015*)
- Timothy Chapman (*appointed 16 September 2014, resigned 11 March 2015*)

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 Justyn Stedwell

#### (c) Principal Activities

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

Licencing social media management software relating to the Manalto and Soshlr product.

## 2. Business Review

### (a) Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$3,602,186 (2014: loss of \$1,171,354).

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

During the year, the Company:

- Completed the merger of Healthlinx Limited ("Healthlinx") and Manalto, Inc. ("Manalto"), as described in the prospectus lodged 14 January 2015 ("Prospectus"). Specifically, on 11 March 2015 Healthlinx acquired 100% of Manalto, and the combined entity was renamed Manalto Limited. This is treated as a reverse acquisition because the substance of the transaction is such that the pre-existing shareholders of Manalto obtained substantial control of Healthlinx. Accordingly, the consolidated financial statements comprise the transactions for Manalto for the year to date, and the transactions for Healthlinx from the date of acquisition forward.
- The operations of the Company are centered in the United States including 100% of current employees, the majority of operating cash flows and the location of the primary business address. Accordingly, the Directors have elected to present financial information in US dollars. All financial figures in this document are denominated in US dollars except where explicitly denoted.

Transactions relating to Healthlinx Limited in the current financial year:

- Healthlinx implemented arrangements as provided for in the Deed of Company Arrangement (DOCA) which was signed on 2 September 2014. The key features of the DOCA were as follows:
  - The participating creditors' claims against the Company were extinguished under the DOCA and such claims

- transferred to a creditor's trust (Creditor's 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 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 2014 (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 2014 annual General Meeting on 21 January 2015.
  - The Company was required to make a payment of the sum of \$250,000 to the Creditor's Trust within 14 months of the date of the DOCA. The payment due from the Company to the Creditor's Trust was secured by a specific security interest in all of the Company's intellectual property (Creditor's 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; and,
  - The period of Administration was completed on 30 January 2015.
  - On 13<sup>th</sup> November 2014, the Company paid the sum of \$250,000 owing to the Creditor's Trust.

### (c) Dividends

No dividends were paid or declared since the start of the financial year (2014: no dividends).

## 3. Other items

### (a) Events Subsequent to Reporting Date

There are no events after 30 June 2015 that would have a material effect on the Financial Statements.

### (b) Future Developments

The Company is focussed on the growth of its enterprise product, and the successful launch of its Soshlr product through the hosting channel.

### (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 2015:

	2015 \$	2014 \$
Amounts paid/payable to Grant Thornton Audit Pty Ltd		
Audit and other assurance services		
- Auditing or reviewing the financial report	30,620	40,259
Total paid or payable	30,620	40,259

### (e) Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 as required by Section 307C of the Corporations Act 2001 has been received and can be found on Page 51 of the financial report.

## 4. Director Information

Information on Directors at 30 June 2015

<b>David Fletcher (Chairman)</b>	
Date appointed	11 March 2015
Interest in shares (Direct and indirect)	508,901
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	-

<b>Anthony Owen (Chief Executive Officer)</b>	
Date appointed	11 March 2015
Interest in shares (Direct and indirect)	6,769,540
Interest in options (Direct and indirect)	4,550,000
Directorships in other listed entities held in the last 3 years	-

<b>Joseph Miller</b>	
Date appointed	11 March 2015
Interest in shares (Direct and indirect)	12,412,841*
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	Covata Limited

<b>Kristian Blaszczyński</b>	
Date appointed	11 March 2015
Interest in shares (Direct and indirect)	685,499
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	-

<b>Michael Quinert</b>	
Date appointed	6 September 2013
Interest in shares (Direct and indirect)	140,000
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	West Wits Mining Limited, Covata Limited

<b>Trent Telford</b>	
Date appointed	21 March 2013
Date resigned	24 July 2015
Interest in shares (Direct and indirect)	2,618,191
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	Covata Limited

<b>Richard Revelins</b>	
Date appointed	21 March 2013
Date resigned	11 March 2015
Interest in shares (Direct and indirect)	233,340
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	Mining Projects Group Limited

<b>Timothy Chapman</b>	
Date appointed	16 September 2014
Date resigned	11 March 2015
Interest in shares (Direct and indirect)	140,000
Interest in options (Direct and indirect)	-
Directorships in other listed entities held in the last 3 years	-

\*Joseph Miller holds an indirect interest in shares held by ECA Ventures LLC, as a result of a share interest, but does not control ECA Ventures LLC.

## (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	5	4
Michael Quinert	5	5
David Fletcher	3	3
Anthony Owen	3	3
Joseph Miller	3	3
Kristian Blaszczyński	3	3
Richard Revelins	2	2
Timothy Chapman	2	2

### *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 2015.

### *Remuneration Report (Audited)*

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information.

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

Director	Position
David Fletcher	Chairman (Independent) (appointed 11 March 2015)
Anthony Owen	Executive Director (appointed 11 March 2015)
Michael Quinert	Director (appointed 6 September 2013)
Joseph Miller	Director (appointed 11 March 2015))
Kristian Blaszczyński	Director (Independent) (appointed 11 March 2015)
Richard Revelins	Director (Independent) (resigned 11 March 2015)
Timothy Chapman	Director (Independent) (resigned 11 March 2015)
Trent Telford	Director (Independent) (resigned 24 July 2015)
Megan Owen	(Chief Marketing Officer) Key Management Personnel
Patrick Fong	(Chief Technology Officer) Key Management Personnel

## (c) 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 Manalto Ltd's performance for the previous five years.

In consultation with 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 monthly by the Board. 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 Manalto Limited shares, which would be acquired on-market.

***Directors' Fees***

The current base remuneration was last reviewed with effect from 11 March 2015. 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 Manalto 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.

***Short-term Incentives***

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, sales, 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.

*Long-Term Incentive: Manalto Ltd Employee Option Plan*

Information on the Manalto Limited Option Plan is set out on Pages 16-17.

**(d) Details of Remuneration**

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

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.

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

2015	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 Remuneration that Consists of Options
	Salary and Fees \$	Long Service Leave \$	Superannuation Contribution \$	Cash \$	Cash Bonuses \$	Shares \$	Options \$	\$		
<b>Directors</b>										
David Fletcher	12,439	-	-	-	-	-	-	12,439	-	-
Trent Telford	13,774	-	-	-	-	-	-	13,774	-	-
Anthony Owen	284,700	-	-	190,000	-	-	54,104	338,804	-	16%
Michael Quinert	31,140	-	-	-	-	-	-	31,140	-	-
Kristian Blaszczyński	-	-	-	-	-	-	-	-	-	-
Joseph Miller	-	-	-	-	-	-	-	-	-	-
Timothy Chapman	-	-	-	-	-	-	-	-	-	-
Richard Revelins	23,721	-	-	-	-	-	-	23,721	-	-
<b>Total Director remuneration</b>	<b>377,558</b>	<b>-</b>	<b>-</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>54,104</b>	<b>431,662</b>	<b>-</b>	<b>13%</b>
<b>Other Key Management Personnel</b>										
<b>Key Management Personnel</b>										
Patrick Fong	59,231	-	-	110,000	-	-	17,453	76,687	-	23%
Megan Owen	40,385	-	-	75,000	-	-	25,306	65,691	-	39%
<b>Total Key Management</b>	<b>99,616</b>	<b>-</b>	<b>-</b>	<b>185,000</b>	<b>-</b>	<b>-</b>	<b>42,759</b>	<b>142,378</b>	<b>-</b>	<b>30%</b>
<b>Total</b>	<b>477,174</b>			<b>375,000</b>			<b>96,863</b>	<b>574,040</b>	<b>-</b>	<b>17%</b>

\*Anthony Owen, Patrick Fong and Megan Owen were issued 3.1, 1 and 1.45 million options respectively during the 2015 financial year. Using a Black-Scholes valuation model, the option value as of the 30 June 2015 is 12 cents. The value recognised for these options is from the listing date (11 March 2015) to the 30 June 2015, effectively 3.5 months of the 48 month term.

\*\*Anthony Owen receives termination benefits equal to 12 months' remuneration. Megan Owen and Patrick Fong receive termination benefits equal to 6 months' remuneration.

# Remuneration for each Director & Key Management Personnel of the Consolidated Entity During the Prior 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 Remuneration that Consists of Options
	Salary and Fees \$	Long Service Leave Accrd \$	Superannuation Contribution \$	Cash \$	Cash Bonuses \$	Shares \$	Options \$	\$		
<b>Directors</b>										
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	-	-

## Movements in KMP Shareholdings

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

2015	Balance 01/07/2014	Received as Remuneration	Exercise of Options	Net Change Other**	Balance 30/06/2015
<b>Directors</b>					
Trent Telford	501,340	-	-	2,137,051	2,638,391
Michael Quinert	140,000	-	-	-	140,000
David Fletcher	-	-	-	508,901	508,901
Anthony Owen	-	-	-	6,769,540	6,769,540
Joseph Miller	-	-	-	12,533,160	12,533,160
Kristian Blaszczyński	-	-	-	685,499	685,499
Richard Revelins	233,340	-	-	(233,340)	-
Timothy Chapman	140,000	-	-	(140,000)	-
<b>Total</b>	<b>1,014,680</b>	<b>-</b>	<b>-</b>	<b>22,260,811</b>	<b>23,275,491</b>

\*\* 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 Manalto 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. 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.

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.

### **Movements in KMP options holdings**

No options were exercised during 2015.

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

2015	Balance 01/07/2014	Received as Remuneration	Exercise of Options	Net Change Other**	Balance 30/06/2015
<b>Directors</b>					
Trent Telford	-	-	-	-	-
Michael Quinert	-	-	-	-	-
David Fletcher	-	-	-	-	-
Anthony Owen	-	3,100,000	-	-	3,100,000
Joseph Miller	-	-	-	-	-
Kristian Blaszczyński	-	-	-	-	-
Richard Revelins	-	-	-	-	-
Timothy Chapman	-	-	-	-	-
Megan Owen	-	1,450,000	-	-	1,450,000
Patrick Fong	-	1,000,000	-	-	1,000,000
<b>Total</b>	-	<b>*5,550,000</b>	-	-	<b>5,550,000</b>

Grant Date	Date of Expiry	Exercise Price	Number Under Option
*11 March 2015	11 March 2020	\$0.19**	5,550,000

\*\*The options were issued at a price of Australian \$0.25

### **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.

Amounts recognised as expense:

	Consolidated	
	2015	2014
	\$	\$
<b>Consulting &amp; Professional Fees</b>	209,000	56,066
<b>Total</b>	<b>209,000</b>	<b>56,066</b>

This marks the end of the audited Remuneration Report.

### **Indemnification of Officers**

During the financial year, Manalto Limited Instituted Directors and Officers insurance. 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.

### **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.

## Options

At the date of this report, the unissued ordinary shares of Manalto Limited under unlisted options are as follows:

Grant Date	Date of Expiry	*Exercise Price	Number Under Option
31 October 2012	30 April 2016	\$0.23	2,000
11 March 2015	11 March 2020	\$0.19	3,450,000
11 March 2015	11 March 2020	\$0.19	4,550,000
11 March 2015	11 March 2018	\$0.19	2,250,000
<b>Total</b>			<b>10,252,000</b>

\*The options were issued at a price of Australian \$0.25 (US\$ 0.19) and Australian \$0.30 (US\$ 0.23).

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:



**David Fletcher**  
Chairman



**Anthony Owen**  
Founder & Chief Executive Officer

Dated 30 September 2015

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2015

		Consolidated	
	Note	2015 \$	2014 \$
<b>Revenue</b>	3	97,698	2,480
<b>Other income</b>	3	80,503	22
Total revenue and other income	3	178,201	2,502
Payroll and employees expense		(929,480)	(485,323)
Share based payment expense		(139,672)	-
Travel and accommodation		(324,407)	(72,908)
Consulting and professional fees	4	(957,578)	(351,320)
Listing fee	17(d)	(1,219,401)	-
Advertising and marketing		(121,083)	(177,119)
Other expenses		(237,565)	(83,460)
Finance expense	5	(25,923)	(3,726)
Loss before income tax		(3,776,908)	(1,171,354)
Income tax benefit	6	174,722	-
Net loss for the period		(3,602,186)	(1,171,354)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period	15	(3,602,186)	(1,171,354)
Basic and diluted loss per share (cents per share) from continuing operations:			
Basic earnings per share	20	(0.037)	(0.072)
Diluted earnings per share	20	(0.050)	(0.095)

The accompanying notes form part of the financial statements.



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		Consolidated	
	Note	2015 \$	2014 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	7	2,091,598	276,394
Trade and other receivables	8	82,073	32,198
Prepaid expenses	8	48,764	-
Deferred tax asset	6	174,722	-
<b>Total current assets</b>		<b>2,397,157</b>	<b>308,592</b>
Non-current assets			
Property, plant and equipment	10	45,438	7,239
Intangible assets	9	593,587	114,077
<b>Total non-current assets</b>		<b>639,025</b>	<b>121,316</b>
<b>TOTAL ASSETS</b>		<b>3,036,182</b>	<b>429,908</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	11	96,030	59,438
Short-term borrowings	12	-	478,726
Short-term provisions	13	162,507	10,276
<b>Total current liabilities</b>		<b>258,537</b>	<b>548,440</b>
<b>TOTAL LIABILITIES</b>		<b>258,537</b>	<b>548,440</b>
<b>NET ASSETS</b>		<b>2,777,645</b>	<b>(118,532)</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent:			
Contributed equity	14	7,404,106	1,043,751
Share option reserve	21	294,686	-
Foreign currency translation reserve	16	(147,607)	9,071
Accumulated losses	15	(4,773,540)	(1,171,354)
<b>TOTAL EQUITY</b>		<b>2,777,645</b>	<b>(118,532)</b>

The accompanying notes form part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2015

Consolidated						
30 June 2015	Note	Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
<b>Balance at 1 July 2014</b>		<b>1,043,751</b>	<b>9,071</b>	<b>(1,171,354)</b>	-	<b>(118,532)</b>
Losses for the year		-	-	(3,602,186)	-	(3,602,186)
Foreign currency gain/(loss)		-	(156,678)	-	294,686	138,008
Contributions of equity	14	6,360,355		-		6,360,355
<b>Balance at 30 June 2015</b>		<b>7,404,106</b>	<b>(147,607)</b>	<b>(4,773,540)</b>	<b>294,686</b>	<b>2,777,645</b>

Consolidated						
30 June 2014	Note	Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
<b>Balance at 1 July 2013</b>		-	-	-	-	-
Losses for the year		-	-	(1,171,354)	-	(1,171,354)
Foreign currency gain/(loss)		-	9,071	-	-	9,071
Contributions of equity	14	1,043,751	-	-	-	1,043,751
<b>Balance at 30 June 2014</b>		<b>1,043,751</b>	<b>9,071</b>	<b>(1,171,354)</b>	-	<b>(118,532)</b>

The accompanying notes form part of the financial statements.

## STATEMENT OF CASH FLOWS:

For the Year Ended 30 June 2015

	Note	Consolidated	
		2015 \$	2014 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		97,698	2,480
Payments to suppliers and employees		(2,922,675)	(1,122,690)
Interest received		3	22
Interest paid		(25,923)	(3,726)
Income taxes received/(paid)		34,808	-
<b>Net cash provided by (used in) operating activities</b>	22(a)	<b>(2,816,089)</b>	<b>(1,123,914)</b>
<b>Cash flows from investing activities:</b>			
Payments for plant and equipment		(43,747)	(8,092)
Payments for intangibles		(479,511)	(114,077)
<b>Net cash provided by (used in) investing activities</b>		<b>(523,258)</b>	<b>(122,169)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of share capital		4,590,654	1,043,751
Prospectus costs		(504,817)	-
Proceeds from borrowings		1,068,714	478,726
<b>Net cash provided by financing activities</b>		<b>5,154,551</b>	<b>1,522,477</b>
Net increase (decreases) in cash held		1,815,204	276,394
Cash at beginning of financial year		276,394	-
<b>Cash at end of financial year</b>		<b>2,091,598</b>	<b>276,394</b>

The accompanying notes form part of the financial statements.

# NOTES TO THE 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 Manalto Limited and its subsidiaries. Disclosures required in relation to the parent entity are presented in Note 22.

### (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.

On 31 March 2015 Manalto Limited (formerly Healthlinx Limited) completed the legal acquisition of Manalto Inc. Under the Australian Accounting Standards Manalto Inc was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Manalto Inc acquires the net assets and listing status of Manalto Limited

Accordingly, the consolidated financial statements of the Manalto Limited Group have been prepared as a continuation of the business and operations of Manalto Inc. As the deemed acquirer, Manalto Inc has accounted for the acquisition of Manalto Limited from 31 March 2015. The comparative information for the 12 months ended 30 June 2014 presented in the consolidated financial statements is that of Manalto Inc as presented in its last set of year-end financial statements. Refer to note 17 for further details of the transaction

The implications of the acquisition by Manalto Inc on the financial statements are as follows:

#### ***Statement of Profit or Loss and Other Comprehensive Income***

The 2015 Statement of Profit or Loss and Other Comprehensive Income comprises the total comprehensive income for the financial year, being the 12 months from Manalto Inc for the year ended 30 June 2015 and the period from 31 March 2015 until 30 June 2015 for Manalto Limited

The 2014 Statement of Profit or Loss and Other Comprehensive Income comprises the full comparative financial year for Manalto Inc only

#### ***Statement of Financial Position***

- The 2015 Statement of Financial Position as at 30 June 2015 represents the combination of Manalto Inc and Manalto Limited
- The 2014 Statement of Financial Position represents Manalto Inc only as at 30 June 2014

#### ***Statement of Changes in Equity***

The 2015 Statement of Changes in Equity comprises:

- The equity balance of Manalto Inc as at the beginning of the financial year (1 July 2014)
- The total comprehensive income for the financial year and transactions with equity holders, being the 12 months from Manalto Inc for the year ended 30 June 2015 and the period from 31 March 2015 until 30 June 2015 for Manalto Limited
- The equity balance of the combined Manalto Inc and Manalto Limited at the end of the financial year (30 June 2015)
- The 2014 Statement of Changes in Equity comprises the full financial year for Manalto Inc for the 12 months ended 30 June 2014

## **Statement of Cash Flows**

The 2015 Statement of Cash Flows comprises:

- The cash balance of Manalto Inc at the beginning of the financial year (1 July 2014)
- The transactions for the financial year for the 12 months of Manalto Inc ended 30 June 2015 and from 31 March 2015 until 30 June 2015 for Manalto Limited
- The cash balance of the combined Manalto Inc and Manalto Limited at the end of the period (30 June 2015)
- The 2014 Statement of Cash Flows comprises the full financial year of Manalto Inc for the year ended 30 June 2014

## **Compliance with IFRS**

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

The Group has experienced operating losses of \$3,602,186 and net cash outflows from operating activities of \$2,816,089, and has a net assets of \$2,777,645. The Company will need to raise additional funds in the year ahead in order to meet all of its expenditure commitments.

While the raising of the necessary funds is not assured, the directors are confident that in the short term they will be able to raise the additional capital required to continue the marketing and any required development of the product for release to the market.

The Directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the financial report.

## **(c) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of Manalto Limited and its subsidiaries (the Group) as at 30 June 2015 or for any time during the year explained in note 1a the consolidated financial statements of the Manalto Limited Group have been prepared as a continuation of the business and operations of Manalto Inc. As the deemed acquirer, Manalto Inc has accounted for the acquisition of Manalto Limited from 31 March 2015. The comparative information for the 12 months ended 30 June 2014 presented in the consolidated financial statements is that of Manalto Inc. financial statements of subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the group.

## **(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 currency of the Manalto Limited is AU\$, while the subsidiary in the United States has a functional currency of US\$. Due to the operational head office of the group being based in the USA, and the vast majority of the transaction being in US\$, the group has elected its presentation currency in US\$.

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.

## **(f) Financial Instruments**

### ***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 2015, 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 2015, 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.

### **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.

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 at fair value plus any directly attributable transaction costs.

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.

### **Share Capital**

Ordinary shares are classified as equity. If the entity reacquires its own equity instruments, eg. 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.

### **Derivative Financial Instruments**

As at 30 June 2015, the Group did not hold any derivative financial instruments.

### **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.

### **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 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 i

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) Property, plant and equipment**

### ***IT equipment and other equipment***

IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of equipment and other equipment. The following useful lives are applied:

- IT equipment: 2-5 years
- other equipment: 3-12 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

## **(h) 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.

## **(i) 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).

## **(j) 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.

## **(k) 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.

## **(l) 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 not recognised in the provision for employee benefits. All Manalto Limited's current employees are based in the United States of America (USA) and no long service leave entitlements exist in the USA.

### ***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 20.

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.

### ***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. The Company does not make contributions to a defined contribution plan on behalf of an employee.

## **(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.

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.

**(o) Trade Receivables**

Trade receivables are recognised at fair value 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.

**(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.

#### **(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.

#### **(w) 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.

## (x) Income Taxes

The Group is subject to income taxes in Australia and the United States of America. 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.

## (y) 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 does not current report its operations by segments, but anticipates that it will be reporting by geographical segment in the next financial year.

## 2. 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.

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:

	Note	Carrying Amount	
		2015	2014
		\$	\$
Trade & Other Receivables	8	82,073	-
<b>Total</b>		<b>82,073</b>	<b>-</b>

The Group's maximum exposure to credit risk for Trade Receivables at the reporting date was \$82,073 (2014: \$nil-).

### 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 12 months, 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.

### **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.

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

#### **30 June 2015**

	<b>Carrying Amount \$</b>	<b>Contract C/Flows \$</b>	<b>6 months or less \$</b>	<b>6 -12 months \$</b>	<b>1 – 2 years \$</b>	<b>2 – 5 years \$</b>	<b>More than 5 years \$</b>
Non-Derivative Financial Liabilities							
Trade and other payables	96,030	96,030	96,030	-	-	-	-
Loan	-	-	-	-	-	-	-
<b>Total</b>	<b>96,030</b>	<b>96,030</b>	<b>96,030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **30 June 2014**

	<b>Carrying Amount \$</b>	<b>Contract C/Flows \$</b>	<b>6 months or less \$</b>	<b>6 -12 months \$</b>	<b>1 – 2 years \$</b>	<b>2 – 5 years \$</b>	<b>More than 5 years \$</b>
Non-Derivative Financial Liabilities							
Trade and other payables	59,438	59,438	59,438	-	-	-	-
Loan	478,726	478,726	-	478,726	-	-	-
<b>Total</b>	<b>538,164</b>	<b>538,164</b>	<b>59,438</b>	<b>478,726</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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 exposed to material levels of market risk. The Group has exposure to currency risk in relation to purchases that are denominated in a currency other than United States dollars. However, such purchases represent a relatively small proportion of total Group expenses and entry into hedging activity in relation to such purchases is not considered warranted on a cost-benefit analysis. The Group is exposed to currency risk associated with raising capital in Australia and utilising this capital to fund operational expenditure in the USA. The cost of hedging this position is extremely high as the exact timing and amounts associated with the capital raising activities is not certain. As such the Directors do not consider this a cost effective measure to manage currency risk, and rather seek alternative measure to minimise the currency exchange losses.

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 USD equivalents, with column headings denoting the invoice-denominated currency):

30 June 2015	EUR	SGD	GBP	AUD
Cash and cash equivalents	-	-	-	190,854
Trade and other payables	-	-	-	(53,763)
Trade and other receivables	-	-	-	2,599
Gross Balance Sheet exposure	-	-	-	139,690
Estimated forecast sales	-	-	-	-
Estimated forecast purchases	-	-	-	-
Gross profit or loss exposure	-	-	-	-
Net Exposure	-	-	-	-

30 June 2014	EUR	SGD	GBP	AUD
Trade and other payables	-	-	-	(13,636)
Trade and other receivables	-	-	-	(13,636)
Gross Balance Sheet exposure	-	-	-	(13,636)
Estimated forecast purchases	-	-	-	-
Gross profit or loss exposure	-	-	-	-
Net Exposure	-	-	-	-

The following significant exchange rates applied during the year:

	Average Rate		Spot Rate	
USD	2015	2014	2015	2014
AUD	0.8715	0.9507	0.7655	0.9419
GBP	0.5513	0.5875	0.5085	0.5737
EUR	0.7273	0.7085	0.7146	0.7216
SGD	1.1426	1.2039	1.0808	1.2245

## 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	
	2015	2014
	\$	\$
Fixed Rate Instruments	-	-
Short term borrowings	-	-
Variable Rate Instruments	-	-
Financial liabilities	-	-
Cash	2,091,598	-

### 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.

### 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 2015		30 June 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated	82,073	82,073	32,198	32,198
Trade and other receivables				
Cash and cash equivalents	2,091,598	2,091,598	276,394	276,394
Prepaid expenses	48,764	48,764	-	-
Short term provision	(162,507)	(162,507)	(10,276)	(10,276)
Trade and other payables	(96,030)	(96,030)	(59,438)	(59,438)
Total	1,963,898	1,963,898	238,878	238,878

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

The Board is in the process of developing 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.

### 3. Revenue and Other Income

	Consolidated	
	2015	2014
	\$	\$
Revenue from operating activities		
Licence fee revenue	97,698	2,480
Total operating revenue	97,698	2,480
Other income		
GST refund Healthlinx	34,807	-
Sale of Healthlinx Intellectual Property	45,693	-
Interest received	3	22
Total other income	80,503	22
Total revenue and other income	178,201	2,502

### 4. Consulting and professional fees

	2015	2014
	\$	\$
**Directors fees	362,711	-
Accounting expense	187,913	37,394
Consulting expense	164,604	158,571
Legal expense	95,986	93,981
*Prospectus costs	146,364	61,374
Total	957,578	351,320

\* Under AASB 132, cost that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of comprehensive income. The line items making up the balance of capital raise costs and ASX fees relate to the stock market listing and are therefore expensed under AASB 132. The Listing costs line item includes the entries relating to the costs associated with the reconstitution of Healthlinx equity post acquisition. Accounting, consulting and legal expense include costs relating to the acquisition of Manalto Inc. by Healthlinx Limited.

\*\* Directors fees Include a once off payment to an Executive Director of Manalto Inc and a payment to former Directors of Healthlinx as part of the acquisition of Manalto Inc by Healthlinx Limited.

### 5. Finance Income and Expense

*Recognised in Profit or Loss:*

	Consolidated	
	2015	2014
	\$	\$
Interest income on bank deposits	3	22
Finance Income	3	22
Interest expense on convertible notes	(25,923)	(3,726)
Finance Expense	(25,923)	(3,726)
Net Finance Income/(Expense)	(25,920)	(3,704)

No Finance Income or Expense was recognised directly in equity (2014: Nil).

## 6. Taxation

The components of tax benefit comprise:

		<b>Consolidated</b>	
		<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Current Tax Benefit of Loss		1,140,647	92,995
Deferred Tax Benefit	16	8,310	-
<b>Total tax benefit</b>		<b>1,148,957</b>	<b>92,995</b>

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prima facie tax benefit on loss from ordinary activities before income tax at 30% in Australia and 35 % in the USA (2014: 30% and 35%)		
- Consolidated entity	1,140,645	109,103
Adjusting for the tax effect of:		
Amortisation of intangible assets	8,310	-
Deferred tax asset of tax loss and temporary differences not brought to account	(1,001,233)	(109,103)
R&D grant received	-	92,995
<b>Income tax benefit attributable to entity</b>	<b>*174,722</b>	<b>92,995</b>

\*In order to carry forward assessed losses in the USA, continuity of majority ownership needs to be satisfied. Due to the change in ownership associated with the reverse acquisition, the Directors have elected to recognise the assessed loss, on a pro-rata basis, from the reverse acquisition date, to the 30 June 2015 (111 of 365 days), due to the majority ownership requirement not being met as it related to assessed losses of the group pre-acquisition.

The Directors have recognised a deferred tax asset representing the tax benefit of the assessed loss associated with the operation in the United States, namely a tax benefit of \$174,722. The Directors anticipated that assessed losses will be utilised in the USA based subsidiary before assessed losses are utilised in the Australian entity.

### Deferred tax assets

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
- Temporary differences	23,743	77,917
- Tax losses:		
Operating losses - Australia	2,004,732	18,009,581
Operating Losses - USA	1,142,323	-
<b>Total</b>	<b>3,170,798</b>	<b>18,087,498</b>
Potential tax benefit @ 30% (Australia)	601,420	5,426,249
Potential tax benefit @ 35% (USA)	399,813	-
<b>Total</b>	<b>1,001,233</b>	<b>5,426,249</b>

This benefit for tax losses will only be obtained if:

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; the Company complies with the conditions for deductibility imposed by the tax legislation; and 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.

## 7. Cash & Cash Equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash on hand		
Cash at bank	2,091,598	276,394
Short-term bank deposits	-	-
<b>Total</b>	<b>2,091,598</b>	<b>276,394</b>

Cash at bank and on hand

Cash at bank in 2015 is non-interest bearing (2014: non-interest bearing).

## 8. Trade & Other Receivables

	Consolidated	
	2015	2014
	\$	\$
CURRENT		
Trade receivables	62,972	2,480
Allowance for doubtful debts	-	-
	62,972	2,480
Goods and services tax (receivable)	1,727	-
Deposits	16,169	29,718
Other receivables	1,205	-
<b>Total</b>	<b>82,073</b>	<b>32,198</b>
Prepayments	48,764	-
<b>Total</b>	<b>48,764</b>	<b>-</b>

*Impaired receivables*

At 30 June 2015 there were no bad or doubtful debts.

*Effective interest rates and credit risk*

There is no effective interest rate on receivables.

## 9. Intangible Assets

Intangible assets of Healthlinx were sold during the acquisition of Manalto Inc for AU\$60,000 to Inex Innovation Exchange Pte Ltd.

	Consolidated	
	2015	2014
	\$	\$
Development Expenditure		
Capitalised development costs		
Cost	593,587	114,077
Accumulated amortisation and impairment	-	-
Net carrying value	593,587	114,077
<b>Total Intangibles</b>	<b>593,587</b>	<b>114,077</b>

(a) Reconciliation Detailed Table

<u>Consolidated</u>	<b>Capitalised Devt Costs \$</b>	<b>Total \$</b>
Year ended 30 June 2014		
Opening balance	114,077	10,000
Additions	479,510	104,077
Impairment charges	-	-
Amortisation	-	-
Balance at 30 June 2015	593,587	114,077
Year ended 30 June 2013		
Opening balance	10,000	-
Additions	104,077	10,000
Impairment charges	-	-
Amortisation	-	-
Balance at 30 June 2014	114,077	10,000

\$479,510 (2014: \$104,077) was spent on the acquisition, development, maintenance and enhancement of technical knowledge for the design and implementation of new or substantially improved materials, devices, and products.

The Directors believe the criteria for recognition and measurement of the intangible asset have been are met and are outlined below:

- Identifiable – the proposed asset is separable together with an identifiable asset, namely a Manalto social media management software, i.e. a Manalto System encompasses the technical knowledge that can be sold, transferred, licensed, rented or exchanged;
- Manalto has engaged exclusively in development expenditure throughout the financial year.
- Technical programming staff have been focused on the development and enhancement of the Manalto social media management tool, and their costs are identifiable and separable, both for the current and prior financial year.
- Control – Manalto Limited controls the proposed asset as it has the power to obtain the future economic benefits through the application of the technical knowledge, which is protected by a legal duty on employees to maintain confidentiality.
- Future Economic Benefits – use of the proposed asset will provide future economic benefits through revenue in sales of licenses attached to the Manalto system. Revenue associated with the product is being generated during the live beta testing stage of the software development process.
- Cost – the proposed asset cost can be measured reliably as the cost is comprised of technical development staff costs directly attributable to the preparation of the asset for its intended use. These costs are in the form of employees on the payroll in the current year, and employees and contractors in the prior year.

## 10. Property, plant and equipment

	<b>Consolidated</b>	
	<b>2015 \$</b>	<b>2014 \$</b>
<u>Office Equipment</u>		
Cost	51,838	8,092
Accumulated Depreciation	(6,400)	(853)
Net carrying value	45,438	7,239

	Office Equipment \$'000	Total \$'000
Gross carrying amount	\$7,239	\$7,239
Balance 1 July 2014	-	-
Additions	\$43,747	\$43,747
Acquisition through business combination	-	-
Disposals	-	-
Net exchange differences	-	-
<b>Balance 30 June 2015</b>	<b>\$50,986</b>	<b>\$50,986</b>
Depreciation and impairment	-	-
Balance 1 July 2014	-	-
Disposals	-	-
Net exchange differences	-	-
Depreciation	(\$5,548)	(\$5,548)
Balance 30 June 2015	(\$5,548)	(\$5,548)
<b>Carrying amount 30 June 2015</b>	<b>\$45,438</b>	<b>\$45,438</b>

	IT Equipment \$'000	Total \$'000
Gross carrying amount	-	-
Balance 1 July 2013	-	-
Additions	\$8,092	\$8,092
Acquisition through business combination	-	-
Held for sale or included in disposal group	-	-
Net exchange differences	-	-
<b>Balance 30 June 2014</b>	<b>\$8,092</b>	<b>\$8,092</b>
Depreciation and impairment	-	-
Balance 1 July 2013	-	-
Net exchange differences	-	-
Held for sale or included in disposal group	-	-
Depreciation	(\$853)	(\$853)
Balance 30 June 2014	(\$853)	(\$853)
<b>Carrying amount 30 June 2014</b>	<b>\$7,239</b>	<b>\$7,239</b>

## 11. Trade & Other Payables

	Consolidated	
	2015 \$	2014 \$
CURRENT		
Unsecured Liabilities		
Provision for audit fee	30,620	-
Trade payables and accrued expenses	65,410	59,438
<b>Total</b>	<b>96,030</b>	<b>59,438</b>

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



## 12. Short term borrowings

	Consolidated	
	2015	2014
	\$	\$
CURRENT		
Secured Liabilities	-	-
Shareholder Loans	-	478,726
<b>Total</b>	<b>-</b>	<b>478,726</b>

## 13. Short-Term Provisions

	Consolidated	
	2015	2014
	\$	\$
Additional entitlements	162,507	10,276
<b>Total</b>	<b>162,507</b>	<b>10,276</b>

## 14. Contributed Equity

	2015	2014
	No. Of shares	No. Of shares
Share movements:		
Opening contributed equity	27,771,476	1,938,138
Consolidation of Healthlinx shares pre-acquisition (adjusted for 1:5 shares)	5,554,592	
Shares issued during the year for cash	30,000,000	25,833,338
Shares issued to Manalto Inc shareholders on reverse acquisition	62,499,998	
<b>Total shares on issue</b>	<b>98,054,590</b>	<b>27,771,476</b>

	2015	2014
	\$	\$
Balance at 1 July	1,043,751	-
Conversion of short term borrowing to equity	1,547,429	-
Shares issued during the year for cash	4,590,653	1,043,751
Deemed consideration on acquisition of Manalto Limited	882,103	-
*Share based payment	(155,014)	-
Share issue expenses	(504,816)	-
<b>Balance at 30 June</b>	<b>7,404,106</b>	<b>1,043,751</b>

On 11 March 2015 Healthlinx acquired 100% of Manalto, and the combined entity was renamed Manalto Limited. This is treated as a reverse acquisition because the substance of the transaction is such that the pre-existing shareholders of Manalto obtained substantial control of Healthlinx.

The acquisition of Manalto, Inc. by Healthlinx Limited is accounted for under AASB 2 Share Based Payments whereby the non-cash consideration in a reverse acquisition represents a deemed issue of shares by the legal acquirer (Manalto), equivalent to the current shareholder interest in Healthlinx post the acquisition. The excess of the assessed value of the share based payment over the net assets has been expensed to the income statement as a listing fee.

Under AASB 132, incremental costs that are directly attributable to issuing new shares should be deducted from equity. The share issue expense relates to costs directly attributable to the issuing of new shares, costs associated with the listing are detailed in note 2 and have been expensed.

\*Share based payment relates to the cost of advisor options associated with the 11 March 2015 reverse acquisition recognised as an offset of the shares issued for cash.

### 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.

### Unlisted Options

Listed Options at 30 June 2014	-
Total options issued during the period	10,252,000
Total options lapsed / forfeited during the period	-
Less options exercised during the period	-
<b>Total listed options at 30 June 2015</b>	<b>10,252,000</b>

Information relating to unlisted options, including those issued pursuant to the Manalto 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 2014

*Total options expired / lapsed during the period = 0*

Grant Date	Date of Expiry	Exercise Price	Number Under Option
31 October 2012	30 April 2016	\$0.23	2,000
11 March 2015	11 March 2020	\$0.19	3,450,000
11 March 2015	11 March 2020	\$0.19	4,550,000
11 March 2015	11 March 2018	\$0.19	2,250,000
<b>Total</b>			<b>10,252,000</b>

\*The options were issued at a price of Australian \$0.25 (US\$ 0.19) and Australian \$0.30 (US\$ 0.23).

The Black-Scholes valuation model has been used to value the options as of the 30 June 2015. Refer to note 20 (a) for details associated with the valuation.

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

## 15. Accumulated Losses

	2015 \$	2014 \$
Accumulated losses at the beginning of the financial year	1,171,354	-
Net loss for the period	3,602,186	1,171,354
<b>Accumulated losses at the end of the financial year</b>	<b>4,773,540</b>	<b>1,171,354</b>

Note: Included in the net loss for the reporting period is a one-off non cash listing expense of \$1,219,401 on acquisition of Manalto Limited by Manalto Inc. This represents the deemed consideration \$850,408 and the net liability \$368,993 of Manalto Limited on acquisition date.

## 16. Foreign Currency Translation Reserve

	2015	2014
	\$	\$
Balance at 1 July	9,071	-
Currency gain/(loss)	(156,678)	9,071
Balance at 30 June	(147,607)	9,071

## 17. Share Based Payment Acquisition

30 June 2015 Manalto Limited (formerly Healthlinx Limited) completed the legal acquisition of Manalto Inc. Under the Australian Accounting Standards Manalto Inc was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which Manalto Inc acquires the net assets and listing status of Manalto Limited.

The purchase consideration was the issue of 62,500,000 shares in Manalto Limited (legal parent) to the shareholders of Manalto Inc and is deemed to have a value of \$882,103 determined as follows:

### (a) Deemed Consideration

	\$
Notional share price issued under prospectus	0.153
Deemed consideration based on 5,554,250 shares	882,103

### (b) Deemed Manalto Limited Share Capital

	\$
Historical issued capital balance as at 30 June 2014	26,322,579
Issue of shares from capital raise	4,593,000
less capital raising costs	(504,817)
Elimination of Manalto Limited issued capital	(30,410,762)
Deemed consideration as per note 18a	882,103
<b>Total Manalto Limited share capital on completion of transaction</b>	<b>882,103</b>

### (c) Manalto Limited Reserves

	\$
Historical balance as at 30 June 2014	483,935
Elimination of Manalto Limited reserves on completion	(483,935)
<b>Total Manalto Limited reserves on completion of transaction</b>	<b>-</b>

### (d) Manalto Limited retained losses pre-completion

	\$
Historical balance as at 30 June 2014	27,073,337
Losses from 1 July 2014 to 11 March 2014	2,298
Elimination of Manalto limited pre completion retained losses	(27,075,635)
Deemed consideration	882,103
Plus Net liability of Manalto Limited pre-acquisition	337,298
<b>Total Manalto Limited losses on completion of transaction (listing expense)</b>	<b>1,219,401</b>

(e) *Assets and liabilities acquired*

	\$
Cash & Cash Equivalents	31,124
Investments in subsidiaries	3
Intangible Assets	77
<b>Total Assets</b>	<b>31,204</b>
Trade & Other Payables	(133,137)
Short-Term Provisions	(75,970)
Long-Term Borrowings	(159,395)
<b>Total Liabilities</b>	<b>(368,502)</b>
<b>Total Manalto Limited losses on completion of transaction (listing expense)</b>	<b>(337,298)</b>

## 18. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated	
	2015	2014
	\$	\$
Short term employee benefits	-	116,666
Long term employee benefits	-	-
Post - employment benefits	-	-
Short-term incentives	-	-
Share-based payments	-	-
Termination benefits	375,000*	-
<b>Total</b>	<b>375,000</b>	<b>116,666</b>

\*Termination benefits of \$375,000 represent:

- 12 months notice for the CEO
- 6 months notice for the CMO and CTO

(b) Loans to key management personnel

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

## 19. Related Party Transactions

(a) Parent Entity

The parent entity within the Group is Manalto Limited.

(b) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

(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 18.

## 20. Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	3,602,186	1,171,354
Earnings used in calculation of basic and diluted EPS	3,602,186	1,171,354

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	71,388,646	12,354,787
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	71,388,646	12,354,787

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. The number of contingent shares excluded from the diluted EPS calculation is 26,665,944.

## 21. Share Based Payments

(a) Employee Option Plan

The Group has established the Manalto 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.

- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period of four years, with the options vesting in equal percentages at the end of each year.
- 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.

*Fair value of options granted*

Grant Date	Expiry Date	Exercise Price cents	Balance 01/07/2014	Number Granted As Remun '000	*Value recognised in reserve \$	Exercised	Forfeited	Balance 30/06/2015 \$	Vested & Exercisable
31 October 2012	30 April 2016	23	-	2	50	-	-	50	-
11 March 2015	11 March 2020	19	-	3,450	60,212	-	-	60,212	-
11 March 2015	11 March 2020	19	-	4,550	79,410	-	-	79,410	-
11 March 2015	11 March 2018	19	-	2,250	155,014	-	-	155,014	-
<b>Total</b>			-	<b>10,252</b>	<b>294,686</b>	-	-	294,686	-
<b>Weighted Average Exercise Price - cents</b>			-	<b>26</b>	<b>11.7</b>	-	-	11.7	-

\*The options were issued at a price of Australian \$0.25 (US\$ 0.19) and Australian \$0.30 (US\$ 0.23).

Set out below are the summaries of options granted under the plan as at 30 June 2015

\*Using a Black-Scholes valuation model, the option value as of the 30 June 2015 on the 2,000 options issued 31 October 2012 is 3.3 cents, 8 million management options issued on 11 March 2015 valued at 12 cents and 2.25 million advisor options valued at 9 cents. The options value recognised in the share option provision account is the liability associated with these options from the grant date to 11 March 2015.

(c) Expenses arising from share - based payment transactions

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Shares issued for other services rendered	-	-
Options issued under employee option plan	139,672	-
<b>Total</b>	<b>139,672</b>	<b>-</b>

## 22. Cash Flow Statement Information

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Non-cash flows in profit	(3,602,186)	(1,171,354)
Depreciation	5,548	853
Consideration for acquisition of Healthlinx	882,103	-
Unrealised loss on exchange variances	(156,677)	9,071
Share based payment expense	139,672	-
(Increase)/decrease in trade and term receivables	(49,876)	(32,198)
Increase/(decrease) in trade payables and accruals	36,592	59,438
Increase/(decrease) in deferred taxes payable	(174,722)	-
(Increase)/decrease in other current assets	(48,764)	-
Increase/(decrease) in provisions	152,221	10,276
<b>Cash flow from operations</b>	<b>(2,816,089)</b>	<b>(1,123,914)</b>

(b) Non-cash investing activities

There were no non-cash investing activities during the year ended 30 June 2015 (2014: Nil).

(c) Non-cash financing activities

There were no non-cash investing activities during the year ended 30 June 2015 (2014: Nil).

## 23. Parent Entity Disclosures

The following details information related to the parent entity, Manalto Limited, at 30 June 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2015 \$	2014 \$
Current assets	3,227,762	197,682
Non-current assets	9,568,753	98
<b>Total assets</b>	<b>12,796,515</b>	<b>197,780</b>
Current liabilities	47,805	464,599
Non-current liabilities	-	-
<b>Total Liabilities</b>	<b>47,805</b>	<b>464,599</b>
<b>Net Assets</b>	<b>12,748,710</b>	<b>(266,819)</b>
Contributed equity	35,049,792	26,322,579
Accumulated losses	(22,694,385)	(27,073,337)
Option reserve	355,028	436,840
Other reserve	38,275	47,099
<b>Total equity</b>	<b>12,748,710</b>	<b>(266,819)</b>
Loss for the year	(549,699)	(248,513)
Other comprehensive loss for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(549,699)</b>	<b>(248,513)</b>

## 24. Auditors' Remuneration

	Consolidated	
	2015 \$	2014 \$
Amounts paid/payable to Grant Thornton Audit Pty Ltd		
Audit and other assurance services		
- Auditing or reviewing the financial report	30,620	40,259
<b>Total</b>	<b>30,620</b>	<b>40,259</b>

## 25. Capital & Leasing Commitments

### (a) Operating Lease Commitments

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

	Consolidated	
	2015 \$	2014 \$
Payable - minimum lease payments		
- not later than 12 months	178,860	-
- between 12 months and 5 years	149,992	-
<b>Total</b>	<b>328,852</b>	<b>-</b>

(b) Capital commitments

There were no capital commitments at 30 June 2015 (2014: Nil).

(c) Termination commitments

The service contracts of key management personnel include benefits payable on termination of the employees' contracts in certain circumstances.

## **26. Contingent Liabilities and Contingent Assets**

There were no commitments or contingent liabilities, which required disclosure in the annual financial report.

## **27. Events Subsequent to Reporting Date**

There were no events after the year end reporting date that would have a significant impact on the financial results of the business.

## **28. Company Details**

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

Manalto Limited  
Level 6  
50 Queen Street  
Melbourne VIC 3000



## DIRECTOR 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 2015 and of its performance for the financial year ended on that date; and there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

The audited remuneration disclosures set out in Sections 4 of the Directors Report (as part of the Remuneration Report), for the year ended 30 June 2015, comply with Section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*; and 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 Managing Director required by section 295A of the *Corporations Act 2001*.

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



---

David Fletcher  
Chairman  
Melbourne



---

Anthony Owen  
Managing Director  
Melbourne

30 September 2015

The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
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Melbourne Victoria 3001

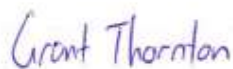
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### **Auditor's Independence Declaration**

#### **To the Directors of Manalto Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Manalto Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Matthew Hingeley  
Partner - Audit & Assurance

Melbourne, 30 September 2015

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

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**Independent Auditor's Report**  
**To the Members of Manalto Limited**  
**Report on the financial report**

We have audited the accompanying financial report of Manalto Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. 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.

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

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

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Manalto 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 2015 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.

### **Emphasis of matter**

Without qualifying our opinion we draw attention to Note 1(b) in the consolidated financial statements which indicates that the consolidated entity incurred a net loss of \$3,602,186 during the year ended 30 June 2015. Note 1(b) also indicates that to continue as a going concern, the consolidated entity is dependent on raising further capital through equity issues. These equity issues will be required to ensure the Company's ability to continue as a going concern.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 14 to 19 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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

In our opinion, the remuneration report of Manalto Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Matthew Hingeley  
Partner - Audit & Assurance

Melbourne, 30 September 2015

## ASX OTHER REQUIRED INFORMATION

### RANGE OF SHARES ISSUED - AS AT 30 June 2015

Range	Total holders	Units		% of Issued Capital
1 - 1,000	1,299	121,670		0.12
1,001 - 5,000	107	271,876		0.28
5,001 - 10,000	39	343,965		0.35
10,001 - 100,000	191	8,082,472		8.24
100,001 - 999,999,999	110	89,234,607		91.01
1,000,000,000 - 9,999,999,999	0	0		0.00
Rounding				0.00
Total	1,746	98,054,590		100.00
Unmarketable Parcels				
	Minimum Parcel Size	Holders	Units	
Minimum \$ 500.00 parcel at \$ 0.0760 per unit	6579	1413	434887	

Rank	Name	Units	% of Units
1	ECA VENTURES LLC	12,412,841	12.66
2	LSAF HOLDINGS PTY LTD <OWEN FAMILY A/C>	7,450,000	7.60
3	ANTHONY OWEN	5,905,193	6.02
4	VANKAT PTY LTD	3,987,305	4.07
5	RAVEN VENTURES (AUSTRALIA) PTY LTD <THE GATEWAY VENTURE FUND A/C>	3,485,986	3.56
6	EXIT OUT PTY LTD <THE DISCRETIONARY A/C>	2,483,501	2.53
7	JACK BURSTON <BURSTON FAMILY A/C>	2,343,018	2.39
8	COPE ST PTY LIMITED <TELFORD FAMILY A/C>	2,116,851	2.16
9	WALLIS-MANCE INVESTMENTS PTY LIMITED	2,100,000	2.14
10	MS MICHELE ALLISON OWEN	2,000,000	2.04
11	CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON RET FUND A/C>	1,975,000	2.01
12	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,918,140	1.96
13	MRS MELANIE THERESE VERHEGGEN	1,800,000	1.84
14	ELINORA INVESTMENTS PTY LTD	1,737,034	1.77
15	JOHN ALEXANDER SUPERANNUATION PTY LTD <JOHN ALEXANDER S/F A/C>	1,642,482	1.68
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,338,394	1.36
17	GRANBY PARK PTY LTD <KING FAMILY A/C>	1,336,372	1.36
18	EYEON NO 2 PTY LTD	1,245,603	1.27
19	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,216,371	1.24
20	UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	1,000,008	1.02
Totals: Top 20 holders of ISSUED CAPITAL		59,494,099	60.67
Total Remaining Holders Balance		38,570,491	39.33

### Voting Rights

Shareholders are entitled to one vote for each share held. On a show of hands every shareholder presents 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

Anthony Owen  
David Fletcher  
Trent Telford  
Kristian Blaszczyński  
Michael Quinert  
Joseph Miller

## COMPANY SECRETARY

Justyn Stedwell

## REGISTERED OFFICE

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## BUSINESS OFFICE

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## PATENT ATTORNEY TO THE COMPANY

Davies Collison Cave  
1 Little Collins Street  
Melbourne VIC 3000  
Telephone (03) 9254 2777  
Facsimile (03) 9254 2770

## SOLICITORS TO THE COMPANY

Quinert Rodda  
Level 6, 50 Queens Street  
Melbourne VIC 3000  
Telephone (03) 8692 9000

## SHARE REGISTRY

Computershare Investor Services Pty Limited  
ABN 48 078 279 277  
Yarra Falls  
452 Johnston St  
Abbotsford VIC 3067  
Telephone 1300 850 505

## AUDITORS

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