

Appendix 4D and Interim Half Year Financial Report Period Ended 30 September 2014

Medtech Global Limited
ABN 70 009 203 203

<i>Contents</i>	<i>Page</i>
Company Directory	2
Results for Announcement to the Market	3
Directors' Report	4
Auditor's Independence Declaration	7
Interim Condensed Statement of Comprehensive Income	8
Interim Condensed Statement of Financial Position	10
Interim Condensed Statement of Changes in Equity	11
Interim Condensed Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	20
Independent Auditor's Review Report	21

This half year financial report provided to the ASX under listing rule 4.2A is to be read in conjunction with the financial report for the year ended 31 March 2014.

Company Directory

Medtech Global Limited ABN 70 009 203 203

Directors

Mr Vinogopal Ramayah (CEO, Executive Chairman)
Mr Russell Clarke (Non-Executive Director)
Mr Darryl Stuart (Non-Executive Director)
Mr Michael Gaylard (Non-Executive Director)
Mr Ross Tanner (Non-Executive Director)

Company Secretary

Mr Michael Gaylard

Registered Office

Level 2, 180 Albert Road
South Melbourne, VIC 3205
Australia
Telephone: (03) 9690 8666
Facsimile: (03) 9690 8010
www.medtechglobal.com

Share Registry

Advanced Share Registry
150 Stirling Highway
Nedlands, WA 6009
Australia
Telephone: (08) 9389 8033
Facsimile: (08) 9389 7871

Auditor

Ernst & Young
8 Exhibition Street
Melbourne, VIC 3000
Australia

Solicitor

Minter Ellison
Level 21, 300 Murray Street
Perth, WA 6000
Australia

Banker

Westpac Banking Corporation
GPO Box 333
Sydney, NSW 2001
Australia

Stock Exchange Listings

Australian Stock Exchange Ltd
Exchange Plaza, 2 The Esplanade
Perth, WA 6000
Australia

Medtech Global Limited shares (symbol MDG) are quoted on the Australian Securities Exchange operated by ASX Limited.

Appendix 4D Results for Announcement to the Market

Extracts from this report for announcement to the market:

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				<i>AUD 000's</i>
Total Revenue	Up	28%	To	9,710
Earnings before interest, impairment of intangibles, depreciation, amortisation and tax	Up	146%	To	1,607
Profit / (Loss) after income tax attributable to members	Up	129%	To	(156)
Comprehensive income / (loss) for the period attributable to members	Up	27%	To	(80)

<i>Dividends (distributions)</i>	<i>Amount Per Security</i>	<i>Franked Amount Per Security</i>
Final dividend / interim dividend	-	-
Previous corresponding period	-	-

2. NET TANGIBLE ASSETS PER ORDINARY SHARE

	30 September 2014	30 September 2013
	\$	\$
Net tangible asset / (liability) backing per ordinary share	0.012	(0.005)
Record date for determining entitlements to the dividend (in the case of a trust, distribution)	N/A	

3. DETAILS OF CONTROLLED ENTITIES

All entities within the Group - except Medtech Global USA, LLC and ConSova Corporation - are 100% owned by the parent company, Medtech Global Ltd.

Medtech Holdings USA, Inc. has an 85% interest in Medtech Global USA, LLC.

Medtech Holdings USA, Inc. has a 50.1% interest in ConSova Corporation.

The directors do not recommend the payment of a dividend.

Additional information of these half year results are located in the Directors' Report.

This half year report is to be read in conjunction with the annual financial report for the year ended 31 March 2014.

Directors' Report

Directors

The directors of Medtech Global Limited, the consolidated entity, submit herewith the financial report for the half year ended 30 September 2014. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names and particulars of the directors of the company at any time during or since the end of the half year are:

<u>NAME</u>	<u>PARTICULARS</u>
Mr Vinogopal Ramayah	Appointed Executive Chairman and Executive Director on 25 September 2006
Mr Russell Clarke	Appointed Executive Director on 25 September 2006 and resigned from Executive role effective 1 September 2014 but remains as Non-Executive Director
Mr Darryl Stuart	Appointed Non-Executive Director on 1 September 2009
Mr Ross Tanner	Appointed Non-Executive Director on 15 August 2011
Mr Michael Gaylard	Appointed Non-Executive Director on 21 April 2011

Principal Activities

The principal activities of the consolidated entity during the period were the development and sale by way of sub-licence of healthcare technologies worldwide.

Operating Result

The comparative period for this half year financial report is the six months ended 30 September 2013.

The consolidated net loss attributable to owners of the parent entity for the half year was \$156,000 (2013: Loss \$68,000).

Compared to the previous half year period, there is a \$2,131,000 i.e. 28% increase in revenue (\$9,710,000 in 2014 against \$7,579,000 in 2013). Australia and New Zealand contributed \$1,021,000 and \$1,261,000 respectively while ConSova Corporation (USA) had a drop of \$151,000.

Expenses for the current period increased by \$2,329,000. Of this increase, \$ 810,000 related to amortisation of intangible assets.

Cash flows from operating activities increased by 108% to a net cash inflow of \$422,000 over the comparative period (2013: cash inflow of \$203,000). This is a result of various initiatives including improved debtor collections during the year.

Review of Operations

Medtech is progressing in its various initiatives.

New Zealand

The last six months has seen the Evolution product implemented in the NZ market. One of the first few practices to go live was the Nirvana Group, one of the largest groups of general practices in NZ. Feedback from customers has been very favourable and the interest in moving to this new application continues to grow.

Usage of the ManageMyHealth suite of products is also growing with the initiatives that we continued to be involved with. We have renewed the contract with Ministry of Health for the Beating the Blues programme.

Australia

In Australia we have achieved milestone 3 of the Market Validation Programme and are tracking to the agreed timelines. We are also launching an enhanced version of Medtech32 and ManageMyHealth. Our current customer base will be the initial focus of the roll-out. The product launch of Evolution in Australia is tentatively planned for the latter part of next year.

United States of America

Our focus remains on establishing referencability through our continuing pilot programs. We have amended the solution that we had initially provided with a more robust and integrated platform of our ManageMyHealth solution and the Vitelmed platform.

ConSova Corporation, our subsidiary in the USA, has been performing under budget. Last year, there was a significant one-off revenue from PepsiCo. A similar revenue was budgeted for this year, however this has not occurred.

India

We believe in the strategy that we have adopted in India and continue to see it as a significant and important market for our growth strategy. We remain optimistic for this market and continue with the strategy of digitisation of health records as a first step to gaining a relationship with the customer. We currently service over 15 hospitals in India which include some of the largest healthcare groups in India.

UK

Medtech has currently taken over the technology support for Ultrasis Interactive Healthcare PLC. This further augments the relationship that Medtech has with Ultrasis as a provider of the Beating the Blues solution in New Zealand. We are working with them to further our various initiatives in the UK.

Dividends

No dividend has been paid or declared since the start of the financial year, and the directors do not recommend a payment of a dividend in respect of the half year ended 30 September 2014.

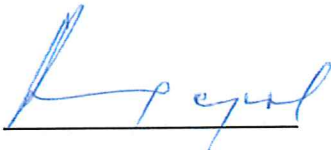
Auditor's Independence Declaration

The external auditor's independence declaration in relation to the review of the half year is set out on page 7 of this report.

Rounding of Amounts

The company is a company of the kind referred to in *ASIC Class Order 98/0100*, dated 10 July 1998, and in accordance with that Class Order, amounts in the directors' report and the financial report are rounded to the nearest thousand dollars.

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



Vinogopal Ramayah
Executive Director

Melbourne, 25 November 2014



Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com

Auditor's Independence Declaration to the Directors of Medtech Global Limited

In relation to our review of the financial report of Medtech Global Limited for the half-year ended 30 September 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Joanne Lonergan
Partner
25 November 2014

Interim Condensed Statement of Comprehensive Income For The Half Year Ended 30 September 2014

	<i>Consolidated</i>	
	30 September 2014 \$'000	30 September 2013 \$'000
Revenue	9,700	7,567
Other revenue	10	12
Total Revenue	9,710	7,579
Other Income – Research & development tax benefit	357	251
Cost of Sales	(402)	(473)
Finance costs	(21)	(21)
Consulting fees	(1,796)	(1,323)
Depreciation expense	(240)	(90)
Amortisation of Intangibles	(1,291)	(481)
Reversal of impairment on receivables	(63)	45
Employee benefits expense	(3,883)	(3,545)
Management fee to related party	(566)	(382)
Travelling expenses	(200)	(201)
Occupancy costs	(371)	(271)
IT support expenses	(221)	(185)
Telecommunication costs	(200)	(190)
Legal and statutory costs	(314)	(292)
Printing, stationery and postage costs	(240)	(139)
Other expenses	(280)	(211)
Profit / (loss) before income tax expense	(21)	71
Income tax (expense) / credit	(137)	(58)
Net profit / (loss) for the period	(158)	13
 Other comprehensive income / (loss) net of tax		
Items that may be reclassified subsequently to profit / (loss)		
Foreign currency translation gain / (loss)	76	5
Total comprehensive income / (loss) net of tax	(82)	18

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Comprehensive Income For The Half Year Ended 30 September 2014 (Cont'd)

	<i>Consolidated</i>	
	30 September 2014 \$'000	30 September 2013 \$'000
Net profit / (loss) for the period attributed to:		
Owners of the parent	(156)	(68)
Non-controlling interest	(2)	81
	(158)	13
 Total comprehensive income/(loss) attributable to:		
Owners of the parent	(80)	(63)
Non-controlling interest	(2)	81
	(82)	18
 EARNINGS PER SHARE FOR PROFIT / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:		
- Basic profit / (loss) per share (cents per share)	(0.16) cents	(0.07) cents
- Diluted profit / (loss) per share (cents per share)	(0.16) cents	(0.07) cents

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Financial Position For The Half Year Ended 30 September 2014

	Note	30-Sep-14 \$'000	31-Mar-14 \$'000
CURRENT ASSETS			
Cash and cash equivalents		2,274	1,785
Trade and other receivables		3,714	2,355
Inventories		326	226
Other current assets		248	156
TOTAL CURRENT ASSETS		6,562	4,522
NON-CURRENT ASSETS			
Property, plant and equipment		1,295	623
Deferred tax asset		487	252
Intangible assets	2	6,449	7,774
TOTAL NON-CURRENT ASSETS		8,231	8,649
TOTAL ASSETS		14,793	13,171
CURRENT LIABILITIES			
Trade and other payables		3,085	3,273
Deferred revenue	3	1,768	881
Interest bearing loans and borrowings	8	297	164
Provisions		586	532
Income tax payable		327	101
TOTAL CURRENT LIABILITIES		6,063	4,951
NON-CURRENT LIABILITIES			
Deferred tax liability		110	119
Other non-current liability		-	65
Interest bearing loans and borrowings	8	953	287
TOTAL NON-CURRENT LIABILITIES		1,063	471
TOTAL LIABILITIES		7,126	5,422
NET ASSETS		7,667	7,749
EQUITY			
Contributed equity		48,929	48,929
Accumulated losses		(41,603)	(41,447)
Foreign currency translation reserve (FCTR)		(174)	(250)
Equity attributable to the owners of the parent		7,152	7,232
Non-controlling interests		515	517
TOTAL EQUITY		7,667	7,749

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Changes in Equity For The Half Year Ended 30 September 2014

	Ordinary Share Capital \$'000	Accumulated Losses \$'000	FCTR ¹ \$'000	Owners Of The Parent \$'000	NCI ² \$'000	Total Equity \$'000
BALANCE AT 1 APRIL 2014	48,929	(41,447)	(250)	7,232	517	7,749
Non-controlling interest	-	-	-	-	-	-
Net Profit / (Loss) for the period	-	(156)	-	(156)	(2)	(158)
Other comprehensive income	-	-	76	76	-	76
Total comprehensive income	-	(156)	76	(80)	(2)	(82)
BALANCE AT 30 SEPTEMBER 2014	48,929	(41,603)	(174)	7,152	515	7,667

	Ordinary Share Capital \$'000	Accumulated Losses \$'000	FCTR ¹ \$'000	Owners Of The Parent \$'000	NCI ² \$'000	Total Equity \$'000
BALANCE AT 1 APRIL 2013	48,929	(36,995)	(93)	11,841	160	12,001
Non-controlling interest	-	40	-	40	-	40
Net Profit / (Loss) for the year	-	(68)	-	(68)	81	13
Other comprehensive income	-	-	5	5	-	5
Total comprehensive income	-	(68)	5	(63)	81	18
BALANCE AT 30 SEPTEMBER 2013	48,929	(37,023)	(88)	11,818	241	12,059

¹ Foreign Currency Translation Reserve

² Non-Controlling Interest

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Cash Flows For The Half Year Ended 30 September 2014

	<i>Consolidated</i>	
	30 September 2014 \$'000	30 September 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,177	7,835
Payments to suppliers and employees	(9,590)	(7,548)
Interest received	8	9
Finance costs	(5)	(17)
Income tax (paid) / received	(168)	(76)
NET CASH PROVIDED BY OPERATING ACTIVITIES	422	203
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow for business combination	(62)	(73)
Purchase of property, plant and equipment	(642)	(46)
Purchase of intangible assets	(112)	(121)
NET CASH USED IN INVESTING ACTIVITIES	(816)	(240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,053	251
Repayment of borrowings	(170)	(44)
NET CASH USED IN FINANCING ACTIVITIES	883	207
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	489	170
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,785	845
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2,274	1,015

The accompanying notes form part of these financial statements.

Notes To The Financial Statements For The Half Year Ended 30 September 2014

1. Summary of Significant Accounting Policies

Corporate Information

The interim condensed consolidated financial report of Medtech Global Limited for the half year ended 30 September 2014 was authorised for issue in accordance with a resolution of the directors on 25 November 2014.

This general purpose half year financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Medtech Global Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

This report is to be read in conjunction with any public announcements made by Medtech Global Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Stock Exchange Listing Rules.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of Preparation & Accounting Policies

This general purpose half year financial report has been prepared in accordance with the Accounting Standard AASB 134 "Interim Financial Reporting", the *Corporations Act 2001*, and ASX listing rule 4.2A.

The accounting policies applied in preparing the half year financial report are consistent with those adopted for previous periods, but the half year report does not include all the notes of the type usually included in an annual financial report. Therefore, this half year report cannot be expected to provide a full understanding of the financial performance, financial position, and financing and investing activities of the Group as that of the full financial report.

It is recommended that this financial report be read in conjunction with the Group's financial report for the year ended 31 March 2014 and any public announcements made by Medtech Global Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The same accounting policies and methods of computation have been applied in this interim financial report as compared with the most recent annual financial report.

Notes To The Financial Statements For The Half Year Ended 30 September 2014

New Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2014, except for the adoption of new standards and interpretations noted below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 1053	Application of Tiers of Australian Accounting Standards	<p>This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> a. For-profit private sector entities that do not have public accountability b. All not-for-profit private sector entities c. Public sector entities other than the Australian Government and State, Territory and Local governments. <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.</p>	1 July 2013	1 April 2014
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	<p>This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.</p>	1 July 2013	1 April 2014
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	<p>AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p>	1 January 2014	1 April 2014

Adoption of these standards did not have any material effect on the financial position or performance of the Group. The Group has not elected to adopt early any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes To The Financial Statements For The Half Year Ended 30 September 2014

2. Intangible Assets

During the half year ended 30 September 2014, amortisation of customer relations and evolution development expenses amounted to \$1,291,000 (2013: \$481,000). No intangible asset was impaired in the half year ended 30 September 2014 (2013: \$Nil).

3. Unearned Revenue

Unearned revenue includes revenue against which services are yet to be rendered. In accordance with the revenue recognition policy, they will remain unrecognised until the relevant milestones are reached.

4. Contingencies & Capital Commitments

The directors are not aware of any contingent liabilities or contingent assets, or capital commitments as at the date of this report.

5. Changes in the Composition of the Consolidated Entity

All entities within the Medtech Global Ltd Group - except Medtech Global USA, LLC and ConSova Corporation - remain 100% owned by Medtech Global Ltd. As at the date of this report, Medtech Holdings USA, Inc. (a 100% Medtech Global Ltd-owned entity) owns 85% (2013: 85%) of Medtech Global USA, LLC and 50.1% (2013:50.1%) of ConSova Corporation. There have been no changes to the composition of the consolidated entity.

6. Related Party Disclosures

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the annual financial report of Medtech Global Limited for the year ended 31 March 2014.

Notes To The Financial Statements For The Half Year Ended 30 September 2014

7. Segment Information

During the half year ended 30 September 2014, the economic entity operated in one reportable segment being software services under AASB 8. Geographic segment information is presented below for the half years ended 30 September 2014 and 2013 respectively:

Half Year Ended 30 September 2014:	Australia \$'000	NZ & Others \$'000	USA \$'000	Inter-Seg Eliminations \$'000	Total \$'000
Sales to external customers	2,288	5,297	2,115	-	9,700
Inter-segment sales	-	-	-	-	-
Interest and other revenue	5	5	-	-	10
Total Segment Revenue	2,293	5,302	2,115	-	9,710
Other Revenue – Research & Development tax benefit	357	-	-	-	357
Depreciation and amortisation	(582)	(166)	(62)	(721)	(1,531)
Interest income	5	5	-	-	10
Interest expense	-	(13)	(8)	-	(21)
Income tax (expense) / benefit	(79)	(42)	(16)	-	(137)
Segment Net Profit / (Loss) After Tax	523	4	36	(721)	(158)
Half Year as at 30 September 2014:					
Segment Assets	19,690	4,226	2,418	(11,541)	14,793
Total Assets	19,690	4,226	2,418	(11,541)	14,793
Segment Liabilities	(2,966)	(1,772)	(1,707)	(681)	(7,126)
Total Liabilities	(2,966)	(1,772)	(1,707)	(681)	(7,126)
Half Year Ended 30 September 2013:					
	Australia \$'000	NZ & Others \$'000	USA \$'000	Inter-Seg Eliminations \$'000	Total \$'000
Sales to external customers	1,268	4,033	2,266	-	7,567
Inter-segment sales	-	-	-	-	-
Interest and other revenue	4	8	-	-	12
Total Segment Revenue	1,272	4,041	2,266	-	7,579
Other Revenue – Research & Development tax benefit	251	-	-	-	251
Depreciation and amortisation	(331)	(70)	(170)	-	(571)
Interest income	4	5	-	-	9
Interest expense	-	(4)	(17)	-	(21)
Income tax (expense) / benefit	(71)	39	(26)	-	(58)
Segment Net Profit / (Loss) After Tax	(272)	70	(85)	300	13
Half Year as at 30 September 2013:					
Segment Assets	13,009	5,935	2,162	(3,259)	17,847
Total Assets	13,009	5,935	2,162	(3,259)	17,847
Segment Liabilities	(5,449)	(412)	(3,186)	3,259	(5,788)
Total Liabilities	(5,449)	(412)	(3,186)	3,259	(5,788)

Notes To The Financial Statements For The Half Year Ended 30 September 2014

8. Borrowings

	<i>Consolidated</i>	
	30 September 2014 \$'000	31 March 2014 \$'000
Borrowings from related parties	-	155
Borrowings from BNZ	1,045	-
Finance lease liabilities	-	9
Vendor finance on ConSova Corporation	205	287
	1,250	451
Short term (payable within 12 months)	297	164
Long term (payable after 12 months)	953	287
	1,250	451

Medtech Limited has entered into a funding arrangement with BNZ in New Zealand covering the following:

- a) IT infrastructure loan amounting to \$623,560 at an interest rate of 7.19% pa repayable in fixed monthly instalments over a 48 month period.
- b) A Customised Average Rate Loan (CARL) of \$890,800 at an interest rate of 7.65%pa repayable after 3 years. The amount utilised is \$445,400.
- c) Open ended Market Connect Overdraft to assist with working capital requirements amounting to \$445,400 at BNZ Market Connect Overdraft Prime Rate plus a margin of 2.3% pa. There is no utilisation of this facility at 30th September 2014.

The BNZ funding arrangements are secured under a General Security Agreement and perfected security interest over the IT infrastructure equipment of Medtech Limited funded through BNZ and an unlimited Guarantee provided by Medtech Global Limited.

The carrying amount of the Group's current and non-current borrowings is approximate to their fair values.

9. Business Combination

There were no new business combinations for the half year ended 30 September 2014.

10. Significant Accounting Estimates and Judgements

Estimates and judgements are based on past performance and management's expectations for the future. The Group makes certain estimates and assumptions concerning the future, which by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the half year ended 30 September 2014 are discussed below:

Notes To The Financial Statements For The Half Year Ended 30 September 2014

Estimated Impairment of Goodwill / Intangibles

Intangible assets were acquired through various business combinations. Goodwill and intangible assets with indefinite useful lives are allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectations for the future.

Consideration of Indicators of Impairment over Customer Relationships

As at half year ended 30 September 2014, management has reviewed its: (1) revenue growth and profitability relative to 31 March 2014; (2) scheduled introduction of Evolution 2.0 to the market; (3) growth in customer base; and (4) performance against budgets for the current period and determined that no significant event has occurred in the half year to 30 September 2014 which indicates an impairment in the carrying value of customer relationships.

Consideration of Indicators of Impairment over Capitalised Development Costs

As at half year ended 30 September 2014, management has reviewed its: (1) revenue growth and profitability relative to 31 March 2014; (2) scheduled introduction of Evolution 2.0 to the market; (3) growth in customer base; (4) performance against budgets for the current period; and (5) forecasted cash flows and determined that no significant event has occurred in the half year to 30 September 2014 which indicates an impairment in the carrying value of capitalised development costs.

Estimation Of Useful Lives Of Finite Life Intangible Assets

Finite life intangible assets include customer relationships acquired through a business combination with Medtech Limited (NZL), Medtech Healthcare Pty Limited (AUS), and AHTL Pty Limited (AUS) on 1 October 2006, customer relationships acquired through a business combination with ConSova Corporation (USA) on 1 August 2012, and software development costs.

The determination of useful lives of finite life intangible assets is based upon the period over which the finite life intangible asset is expected to generate cash flows.

Given the current trend, impairment charge recorded in FY14 and dynamics of the market and technology environment, the Board believed that the estimate of useful life used for amortisation needed to be changed. As a result, the amortisation period for customer relationships and software development costs changed to three years during the current period.

The main factors that were considered included the following:

1. The speed at which new technologies and new products enter the marketplace means that each of our customers has a plethora of possible solutions that they can consider. Furthermore the introduction of Evolution into our major market in New Zealand may be perceived as a threat as the transition might prompt our customer to consider other competitive alternatives.
2. There is a trend of restructure amongst our traditional customers into larger groups. If this trend continues then there will be redefinition of the type of customers we will have to cater to and acquire. Health Management organizations are now being formed in New Zealand / Australia where there is group procurement.

Notes To The Financial Statements For The Half Year Ended 30 September 2014

3. Customers are now more discerning and engaged and employ a large variety of tools to ensure that they are making better choices. Convenience, choice, access, and affordability have become the new mantra. This trend has the potential to fundamentally alter how we interact with our customers to deliver care and manage health while keeping costs down.

4. Providers and consumers are increasingly adopting mobile health technologies.

5. Social, mobile, analytics, and cloud technologies are creating new business models.

It was after considering the above factors as well as comparable companies within the industry that the change was made.

If we continued amortisation based on previous estimates of useful life, the current period amortisation expense would have been approximately \$538,000. However, with the re-estimated useful life, it is \$1,291,000 for this period.

Impairment of Financial Assets

The impairment in financial assets is recognised when the present value of expected future cash flows is less than the carrying value of these assets.

Financial assets are tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired.

Based on the financial performance of each individual financial asset, no impairment has been recognised for the half year ended 30 September 2014 (2013: \$Nil).

11. Events Subsequent To Reporting Date

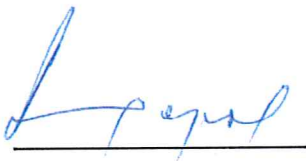
There were no significant events subsequent to reporting date.

Directors' Declaration

In the directors' opinion:

- a) The financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the company and of the consolidated entity's financial position as at 30 September 2014 and its performance for the half year ended on that date; and
 - ii. complying with *AASB 134 Interim Financial Statements* and the *Corporations Regulations 2001*; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Vino Ramayah
Executive Director

Melbourne, 25 November 2014

To the members of Medtech Global Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medtech Global Limited, which comprises the condensed statement of financial position as at 30 September 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Medtech Global Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medtech Global Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst + Young

Ernst & Young



Joanne Lonergan
Partner
Melbourne
25 November 2014