

MedAdvisor International Pty Ltd

(ACN 161 366 589)



Financial Report
for
year ended 30th June, 2015

MEDADVISOR INTERNATIONAL PTY LTD
ACN 161 366 589

GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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The financial report is presented in Australian currency.

MedAdvisor International Pty Ltd is a company ***limited by shares, incorporated and domiciled in Australia.***

Its registered office and principal place of business is:

The registered office is:

MedAdvisor International Pty Ltd
4/22 Council Street
HAWTHORN EAST VIC 3123

The principal place of business is:

MedAdvisor International Pty Ltd
4/22 Council Street
HAWTHORN EAST VIC 3123

A description of the nature of the Entity's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of the financial report.

The financial report was authorised for issue by the directors on **20 August, 2015**. The company has the power to amend and re-issue the financial report.

DIRECTORS REPORT

Your Directors presents their report on MedAdvisor International Pty Ltd (referred to hereafter as the Entity) for the half year ended 30 June 2015.

Directors

The names of the company's directors who held office during or since the end of the financial period are:

Mr Joshua Swinnerton

Mr Carlo Campiciano

Mr Jim Xenos

Mr Mike da Gama

Directors were in office for the entire period and up to the date of this report, unless otherwise stated.

Principal activities

The principal activity of the Entity during the course of the financial period was the development and commercialisation of the medication adherence platform marketed as MedAdvisor

There have been no significant changes in the nature of this activity during the half year.

Operating Results

The loss of the Entity for the year ended 30 June, 2015 after providing for income tax amounted to **\$548,231** (*year ended 30 June, 2014 loss \$835,453*).

Dividends

No dividends have been paid or declared since the start of the financial period.

Matters Subsequent to end of Financial Year

The Company appointed a new Chief Executive Officer; Mr Robert Read on 1st July, 2015. Mr Joshua Swinnerton will continue as the Chief Technology Officer and as a Director of the Company.

GuildLink Pty Ltd provided the Company notice of its intention not to renew the GuildLink Services agreement with the Company and Actavis Pty Ltd. At the same time GuildLink Pty Ltd provided the Company with a letter of intent to enter into a new agreement with the Company alone which will continue the commercial relationship between the Company and GuildLink Pty Ltd. Negotiations on this matter are well advanced at this time and we expect to finalise and execute a new agreement within the next few weeks.

The Company is well advanced in negotiations for a distribution agreement with a major generic pharmaceutical manufacturer that will leverage that companies distribution to pharmacies.

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

DIRECTORS REPORT

Likely Developments

Likely developments in the operations of the Entity and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Entity.

Environmental Regulation

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

Information on Directors

Mr Joshua Swinnerton - MEI, GradCert Eng., BE, BCS(Hons)
Managing Director/CEO/COO

Josh has had considerable experience in leading and managing sizeable IT ventures, both within large companies as well as start-ups. A primary focus of his career has been the innovative creation of web and web enabled systems that address personal needs of consumers.

Mr Carlo Campiciano - MEI, GradDip(Comp), Bbus(Acc), MIPA
Executive Director/CFO

Carlo has extensive experience working with and in medium enterprises in a wide range of areas including: finance, taxation, systems design and implementation, planning and strategy.

Mr Jim Xenos - BSc, DipEd, AFAIM, GAICD
Non Executive Director

Jim is an experienced General Manager with a strong sales and marketing background. He has a well proven track record in building and leading high performance teams delivering market share and profit growth in both national and multinational brands. Jim was a co-founder of NostraData Pty Ltd and as a result brings with him experience in starting and growing a business from the ground up.

Mr Mike da Gama - MBA, BSC, GAICD
Non Executive Director

Mike is an experienced sales executive and brand marketer having spent 10 years in the pharmaceutical industry. More recently Mike together with Jim Xenos co-funded NostraData Pty Ltd which is a leading pharmaceutical data businesses in Australia providing aggregated data and analysis tools.

Meetings of Directors

The numbers of meetings of the company's board of directors and of each board committee held:

DIRECTORS REPORT

Board Member

Mr Joshua Swinnerton
Mr Jim Xenos
Mr Carlo Campiciano
Mr Mike da Gama

Directors Meetings	
A	B
10	10
10	10
10	10
10	10

Where:

- column A: is the number of meetings the Director was entitled to attend
- column B: is the number of meetings the Director attended

Shares under Option

No options over issued shares or interests in the Entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Insurance and Indemnity

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the entity.

Proceedings on behalf of the company

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on the following page.

Signed in accordance with a resolution of the Directors:



Joshua Swinnerton

Director

Hawthorn East

Date: 20 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MedAdvisor International Pty Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



P W FRASER
Partner

Melbourne, VIC
20 August 2015

MEDADVISOR INTERNATIONAL PTY LTD
ACN 161 366 589

STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2015

	Notes	2015 30-Jun-15 \$	2014 30-Jun-14 \$
Revenues from continuing operations	2	1,645,712	1,000,606
Other revenue	2	258,744	88,677
Direct expenses		(634,035)	(20,243)
Development costs		(150,154)	(820,642)
Employee benefits expenses		(1,008,869)	(587,212)
Marketing expense		(397,001)	(385,805)
Depreciation and amortisation expenses		(9,812)	(9,000)
Other expenses	3	(245,173)	(101,007)
Finance costs		(5,534)	(827)
Profit / (loss) before income tax		(546,123)	(835,453)
Income tax (expense) / income	4	-	-
Profit / (loss) for the year		(546,123)	(835,453)
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		(546,123)	(835,453)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

MEDADVISOR INTERNATIONAL PTY LTD

ACN 161 366 589

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2014 30-Jun-15 \$	2014 30-Jun-14 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	571,366	714,871
Trade and Other Receivables	8	86,992	30,129
Other Assets	9	74,864	23,458
Total Current Assets		733,222	768,458
Non-Current Assets			
Property, Plant & Equipment @ wdv	10	9,935	
Intangible Assets	11	78,740	84,460
Total Non-Current Assets		88,675	84,460
Total Assets		821,897	852,918
LIABILITIES			
Current Liabilities			
Trade and Other Payables	12	260,199	244,604
Net Income in Advance	13	125,989	-
Borrowings	14	345,000	
Employee Benefits	15	50,575	28,296
Total Current Liabilities		781,764	272,900
Deferred Liabilities			
Employee Benefits	15	6,238	-
		6,238	-
Total Liabilities		788,002	272,900
Net Assets / (Liabilities)		33,895	580,018
EQUITY			
Contributed Equity		1,622,436	1,622,436
Retained Profits / (Losses)	16	(1,588,541)	(1,042,418)
Total Equity		33,895	580,018

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

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2015

	Notes	Contributed Equity \$	Retained Earnings \$	Total Equity \$
Balance 1 July 2013		100	(206,966)	(206,866)
Transactions with Equity Holders in their capacity as Equity Holders:				
Ordinary Shares Issued		1,750,000		1,750,000
Capital Raising Costs (net of GST)		(127,664)		(127,664)
Net Profit / (Loss)			(835,453)	(835,453)
Balance 30 June 2014	14	<u>1,622,436</u>	<u>(1,042,419)</u>	<u>580,018</u>
Balance 1 July 2014		1,622,436	(1,042,419)	580,018
Transactions with Equity Holders in their capacity as Equity Holders:				
Ordinary Shares Issued		301,282		301,282
Capital Raising Costs (net of GST)		(301,282)		(301,282)
Net Profit / (Loss)			(546,123)	(546,123)
Balance 30 June 2015	14	<u>1,622,436</u>	<u>(1,588,541)</u>	<u>33,895</u>

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

STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2015

	Notes	2015 30-Jun-15 \$	2014 30-Jun-14 \$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		1,194,602	1,168,436
Payments to suppliers and employees (inclusive of GST)		(1,689,602)	(2,029,169)
Interest received		17,597	24,024
Net cash inflow (outflow) from operating activities	18	(477,403)	(836,709)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(7,822)	
Payments for intangibles		(3,280)	(101,160)
Net cash outflow from investing activities		(11,102)	(101,160)
Cash Flows From Financing Activities			
Proceeds from new share issue		-	1,750,000
Capital Raising Costs (net of GST)		-	(127,663)
Convertible Notes		345,000	
Repayments from related parties		-	25,000
Payments to related parties		-	(308,000)
Net cash (outflow) inflow from financing activities		345,000	1,339,337
Net increase/(decrease) in cash held		(143,505)	401,468
Cash and cash equivalents at the beginning of the year		714,871	313,403
Cash and cash equivalents at the end of the year	7	571,366	714,871

The above statement of cash flow should be read in conjunction with the accompanying notes.
Comparative figures are for the year ended 30 June 2014

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 1. Statement of Significant Accounting Policies

MedAdvisor International Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 1. Statement of Significant Accounting Policies (Cont.)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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.

As disclosed in the financial statements, the company incurred a loss of \$546,123 (2014: loss \$835,453) and had net cash outflows from operating activities of \$477,403 (2014: outflow \$836,709) for the year ended 30 June 2015. As at that date the company had net current liabilities of \$48,542 (2014: net current assets \$495,558).

These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

As disclosed in Note 21 Events Subsequent to the Reporting Date:

- the company has raised \$420,500 from the issue of convertible notes and intends to issue a further \$250,000 of convertible notes;
- the company is in the process of making an Initial Public Offering which is expected to raise between \$3,000,000 to \$5,000,000, before capital raising costs; and
- the company is well advanced in negotiations for a distribution agreement with a major generic pharmaceutical manufacturer that will leverage that companies distribution to pharmacies and create new revenue streams.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

c. Leases

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 1. Statement of Significant Accounting Policies (Cont.)

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortized cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 1. Statement of Significant Accounting Policies (Cont.)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of the reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

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

e. Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Research and development

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

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 1. Statement of Significant Accounting Policies (Cont.)

f. Intangibles Other than Goodwill

Development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

g. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i. Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

k. Revenue and Other Income

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised when received.

All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 1. Statement of Significant Accounting Policies (Cont.)

I. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

o. Critical accounting estimates and judgements.

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

p. New and revised accounting standards and interpretations

Early adoption of Accounting Standards / Interpretations at the date of this financial report, AASB 9 and AASB 15 which may impact the entity in the period of initial application, have been issued but are not yet effective. These new Standards and Interpretations have not been applied in the presentation of this financial report. Other than changes to disclosure formats, it is not expected that the initial application of these Standards and Interpretations in the future will have any impact.

MEDADVISOR INTERNATIONAL PTY LTD
ACN 161 366 589

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	2015 30-Jun-15 \$	2014 30-Jun-14 \$
Note 2. Revenue		
From continuing operations		
Sale of services	1,645,712	1,000,606
	<u>1,645,712</u>	<u>1,000,606</u>
Other Revenue		
Interest received	17,611	24,025
Sundry income	241,133	64,653
	<u>258,744</u>	<u>88,678</u>
	<u><u>1,904,456</u></u>	<u><u>1,089,284</u></u>
Note 3. Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs:		
Other bank charges	5,534	827
	<u>5,534</u>	<u>827</u>
Note 4. Income Tax Expense		
a. Tax expense/(income) comprises:		
Current Tax	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>
Note 4. Income Tax Expense (Cont.)		
b. The prima facie tax on profit / (loss) before income tax reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(546,123)	(835,453)
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30% (2010: 30%)	(163,837)	(250,636)
Tax effect of:		
- deferred tax assets not brought to account	163,837	250,636
Income tax expense / (benefit) attributable to entity	<u>-</u>	<u>-</u>
The applicable weighted average tax rates are as	0%	0%
The value of deferred tax assets which have not been recognised in the statement of financial position.	<u><u>476,563</u></u>	<u><u>312,726</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 5. Key Management Personnel Remuneration

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

2015	2014
30-Jun-15	30-Jun-14
\$	\$

The totals of remuneration paid to key management personnel of the company during the year are as follows:

Short term employee benefits	307,443	191,501
	307,443	191,501

Note 6. Auditors' Remuneration

Audit of financial statements	18,900	8,500
	18,900	8,500

No other benefits were received by the Auditors

Note 7. Cash and Cash Equivalents

Cash on Hand	203	203
Cash at Bank	571,163	714,667
	571,366	714,870

Note 8. Trade and Other Receivables

Trade Debtors	61,215	-
Other Debtors	25,777	30,129
	86,992	30,129

Note 9. Other Assets

Prepayments	74,864	23,458
	74,864	23,458

Note 10. Property, Plant & Equipment**Equipment**

Cost - balance 1 July	-	-
Additions	10,747	-
Cost - balance 30 June	10,747	-
Accumulated Depreciation - balance 1 July	-	-
Depreciation Charge	812	-
Accumulated Depreciation - balance 30 June	812	-
Written Down Value	9,935	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 11. Intangible Assets

Intellectual property	78,740	84,860
	<u>78,740</u>	<u>84,860</u>
	2015	2014
	30-Jun-15	30-Jun-14
	\$	\$

Note 12. Trade and Other Payables

Trade Creditors	191,442	171,513
Other Creditors & Accruals	68,758	73,091
	<u>260,199</u>	<u>244,604</u>

Note 13. Net Income in Advance

Gross Pharmacy Subscriptions in Advance	275,367	-
Less: Costs Applicable thereto		
Distribution Costs	(137,683)	-
Discounts	(7,785)	-
Handling Fees	(3,910)	-
	<u>125,989</u>	<u>-</u>

Note 14. Borrowings**Current**

Convertible Notes	<u>345,000</u>	<u>-</u>
		-

The Company is in the process of raising between \$750,000 and \$1 million in Convertible Notes to fund the operations of the business. As at the end of the financial year the company had raised \$345,000 and issued the Convertible Notes relating to these funds on 17 July 2015.

The material terms of these Convertible Notes are as follows:

- Maturity Date: 24 months after the date on which the Convertible Note is issued
- Conversion Price: will be 80% of the price at which the Shares are offered pursuant to the Capital Raising.
- Conversion: either the Company or the Noteholder may elect within 20 days of the issue of the Convertible Note that the face value of the Convertible Notes shall convert into Shares in the listed vehicle pursuant to the Capital Raising.
- Repayment: in the event that the Convertible Notes have not been converted or repaid at an earlier date, the Convertible Notes will be repayable at Maturity.
- Unsecured: the Company's obligations under the Convertible Notes are unsecured.
- Interest: on and from the date 6 months from the date of issue of the Convertible Notes and until the Convertible Notes are converted or redeemed pay the holder of the Convertible Note a coupon rate of 10% paid quarterly.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

	<u>2015</u> <u>30-Jun-15</u> <u>\$</u>	<u>2014</u> <u>30-Jun-14</u> <u>\$</u>
Note 15. Employee Entitlements		
Current		
Accrued Annual Leave	50,575	25,881
Accrued Payroll	-	2,415
	<u>50,575</u>	<u>28,296</u>
Deferred		
Accrued Long Service Leave	6,238	-
	<u>6,238</u>	<u>-</u>
Note 16. Retained Earnings		
Retained Profits at the Beginning of the Financial Year	(1,042,418)	(206,966)
Net Profit / (Loss)	(546,123)	(835,453)
Retained Profits at the end of the Financial Period	<u>(1,588,541)</u>	<u>(1,042,418)</u>

Note 17. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, trade receivable, trade payable and convertible notes.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and equivalents	571,366	714,871
Loans and receivables	86,992	30,129
	<u>658,358</u>	<u>745,000</u>

Financial Liabilities

Financial liabilities at amortised cost		
Trade and other payables	260,199	236,104
Convertible notes	345,000	-
	<u>605,199</u>	<u>236,104</u>

Financial Risk Management Policies

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Directors' on a regular basis. These include credit risk policies and future cash flow requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 17. Financial Risk Management (Cont.)

Specific Financial Risk Exposures and Management

The main risks the Entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

a. Interest Rate Risk

Exposure to interest risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will effect future cash flows or the fair value of fixed rate financial instruments

b. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Entity manages this risk through the following mechanisms:

Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities.

Financial liability and financial asset maturity analysis

		<u>Within 1 Year</u> 2015 30-Jun-15 \$	<u>Within 1 Year</u> 2014 30-Jun-14 \$
Financial liabilities due for payment	Note		
Trade and other payables	12	260,199	236,104
Convertible notes	14	345,000	-
		<u>605,199</u>	<u>236,104</u>
Financial assets - cash flows realisable			
Cash and equivalents	7	571,366	714,871
Trade, term and loans receivables	8	86,992	30,129
		<u>658,358</u>	<u>745,000</u>
Net (outflow)/inflow on financial instruments		<u>53,159</u>	<u>508,896</u>

c. Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Entity.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date. Customers who do not meet the Entity's strict credit policies may only purchase in cash or only use recognised credit cards.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 17. Financial Risk Management (Cont.)

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 8.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts on financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of the instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

	30-Jun-14	
	Net Carrying	
	Value	Net Fair Value
	\$	\$
Financial assets		
Cash and cash equivalents	714,871	714,871
Trade and other receivables	30,129	30,129
Total financial assets	745,000	745,000
Financial liabilities		
Trade and other payables	244,604	244,604
	244,604	244,604

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 17. Financial Risk Management (Cont.)

	30-Jun-15	
	Net Carrying	
	Value	Net Fair Value
	\$	\$
Financial assets		
Cash and cash equivalents	571,366	571,366
Trade and other receivables	86,992	86,992
Total financial assets	658,358	658,358
	30-Jun-15	
Financial liabilities		
Trade and other payables	260,199	260,199
Convertible notes	345,000	345,000
	605,199	605,199
	2015	2014
	30-Jun-15	30-Jun-14
	\$	\$

Note 18. Reconciliation of profit after income tax to net cash flows from operating activities

- a. Reconciliation of cash to the statement of cash flows:

Cash assets (Note 7)	571,366	714,871
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- b. Reconciliation of profit from ordinary activities to net cash used in operating activities

Profit (loss) after income tax	(546,123)	(835,453)
Non Cash Items :	9,812	9,000
	(536,311)	(826,453)

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries

- (Increase) decrease in receivables	(108,269)	(35,413)
- Increase (decrease) in payables / creditors	167,177	25,157

Net cash flows used in operating activities	(477,403)	(836,709)
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Note 19. Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

The Company has granted Actavis Pharma Pty Ltd (Formerly Watson Pharma Pty Ltd) security over the property of the Company under a General Security Deed. This security has been discharged prior to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

Note 20. Capital and Leasing Commitments

On 21 July, 2015 the Company entered into a non-cancellable operating lease for new offices. The lease commences on 1 September 2015 for a term of 5 years and provides for an initial rent free period of 10 months.

Operating Lease Commitments		
Not later than one year	36,667	-
Later than one year and not later than five years	856,181	-
	<u>892,848</u>	<u>-</u>

Note 21 Events Subsequent to the Reporting Date

The Company appointed a new Chief Executive Officer; Mr Robert Read on 1st July, 2015. Mr Joshua Swinnerton will continue as the Chief Technology Officer and as a Director of the Company.

GuildLink Pty Ltd provided the Company notice of its intention not to renew the GuildLink Services agreement with the Company and Actavis Pty Ltd. At the same time GuildLink Pty Ltd provided the Company with a letter of intent to enter into a new agreement with the Company alone which will continue the commercial relationship between the Company and GuildLink Pty Ltd. Negotiations on this matter are well advanced at this time and we expect to finalise and execute a new agreement within the next few weeks.

The Company is well advanced in negotiations for a distribution agreement with a major generic pharmaceutical manufacturer that will leverage that companies distribution to pharmacies.

The Company has raised \$420,500 from the issue of convertible notes during July 2015 and intends to issue a further \$250,000 of convertible note.

The Company is in the process of making an Initial Public Offering which is expected to raise between \$3,000,000 to \$5,000,000, before capital raising costs.

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

Note 22. Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Transactions with Associates

SwinTech Pty Ltd and NostraData Pty Ltd are associated entities of the Company which associates have entered into the following related party transaction with the Company since the Company's incorporation in November, 2012:

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015**

Note 22. Other Related Party Transactions (Cont.)

In accordance with agreements between SwinTech Pty Ltd (formally known as MedAdvisor Pty Ltd), NostraData Pty Ltd and the Company; SwinTech Pty Ltd agreed to sell the intellectual property rights consisting of source code, trade marks and all other intellectual property related to the software

platform known as MedAdvisor. These agreements required SwinTech Pty Ltd to continue to provide development services for the MedAdvisor Platform. These services were provided by SwinTech Pty Ltd to the Company at cost. The Company has from time to time provided SwinTech Pty Ltd with short term cash advances to the cover working capital needs of SwinTech Pty Ltd.

As part of these agreements NostraData Pty Ltd also agreed to provide development services to the Company in relation to access to script data by the MedAdvisor platform from the NostraData Pharmacy Data extraction system. These services were in kind services as part of NostraData Pty Ltd.'s obligations under the agreements, the value of these services is unknown. Additionally the agreements provide for NostraData Pty Ltd to procure funds for the continued development of the MedAdvisor platform to a maximum of \$840,000. The agreements also provided that NostraData Pty Ltd would secure strategic partner(s) to fund ongoing development of the MedAdvisor platform by way of license fees and in the event that they were successful NostraData Pty Ltd would be entitled to 50% of the equity of the Company as well as being able to recover any advances made prior to the an agreement with a strategic partner. Subsequent to NostraData Pty Ltd securing the strategic relationship with Actavis Pharma Pty Ltd; NostraData Pty Ltd has provided marketing services to the company. In the ordinary course of operations NostraData Pty Ltd incurred both legal and software consulting expenses on behalf of the Company that NostraData Pty Ltd chargeback to the Company at cost.

	2015	2014
	30-Jun-15	30-Jun-14
	\$	\$
a. Related party transactions with SwinTech Pty Ltd -		
Total value of software development services provided to the Company	-	685,722
Total value of rent & outgoings	47,808	30,614
b. Related party transactions with NostraData Pty Ltd -		
Total value of consulting & marketing services	87,072	104,456
Amounts due and payable to NostraData Pty Ltd at the end of the financial period included in Trade & Other Payables (Note 11) -	24,350	24,409

DIRECTORS DECLARATION

The directors of the company declare that:

- 1 The financial statements and notes, as set out on page 6 to 24, are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards; and
 - (ii) give a true and fair view of the financial position as at 30 June 2015 and of the performance of the company for the 6 months ended on that date.
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Joshua Swinnerton

Director

Hawthorn East

Date: 20 August 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MEDADVISOR INTERNATIONAL PTY LTD

We have audited the accompanying financial report of MedAdvisor International Pty Ltd ("the company"), which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and 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.

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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MedAdvisor International Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of MedAdvisor International Pty Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company'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 Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the company incurred a net loss of \$546,123 (2014: loss \$835,453) and the company had cash outflows from operating activities of \$477,403 (2014: outflow \$836,709) during the year ended 30 June 2015. As of that date, the company had net current liabilities of \$48,542 (2014: net current assets \$495,558). These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



P W FRASER
Partner

Melbourne, VIC
20 August 2015